MONTANA LEGISLATIVE HISTORY

Chapter 478 1985

Bill H _____ S 398 Original bill & history Y C

H. Committee on Bus. & Labor

Hearing Date(s) 3/27 ✓ C

3/28 ✓ C

_____ ____ C

_____ ____ C

Date Out _____ ____ C

S. Committee on Bus. & Ind

Hearing Date(s) 2/14 ✓ C

_____ ____ C

_____ ____ C

_____ ____ C

Did this bill originate in an interim committee? ____ Yes 9 No

Committee _____ Report _____

Chap. Num.	Senate Bill	House Bill Sponsor	Title
467	136	Mohar	An act to require approval of the Board of Examiners only for the award of protested construction contracts or construction contracts not awarded to the low bidder; amending section 18-2-103, MCA; and providing an immediate effective date.....Page 896
468	229	Boylan	An act to establish a reciprocal preference law for bidders on construction projects; amending section 18-1-102, MCA; and providing an immediate effective date.....Page 897
469	233	Regan	An act to provide a 30-day life insurance settlement period after which interest accrues until settlement; amending sections 33-20-114, 33-20-115, and 33-20-1207, MCA.....Page 898
470	266	Halligan	An act allowing for the adjustment of boundaries of rural fire districts at the hearing on the petition to create such a district; requiring such adjustments to be made in response to written requests received prior to or on the date set for the hearing; amending section 7-33-2103, MCA.....Page 900
471	281	Fuller	An act limiting the amount of a permanent total benefits lump-sum workers' compensation payment by discounting it by 7 percent, compounded annually; providing a method for determining whether a lump-sum payment will be granted; amending sections 39-71-741, 39-71-2109, and 39-71-2207, MCA; and providing an applicability date, retroactive effect clause, and an immediate effective date.....Page 900
472	300	Himsl	An act requiring the Legislative Auditor to conduct an audit of each state agency every 2 years and to conduct special audits when determined necessary; amending section 5-13-304, MCA; and providing an immediate effective date.....Page 903
473	301	Conover	An act revising payment deadlines and related enforcement procedures for state leases; amending section 77-6-506, MCA.....Page 904
474	316	Hirsch	An act to revise the annexation provisions of the community college laws to provide for transition in trustee representation and for a means of disannexation; amending section 20-15-231, MCA...Page 905
475	329	Regan	An act clarifying provisions relating to freedom of choice of medical assistance provided through the Department of Social and Rehabilitation Services; amending section 53-6-104, MCA.....Page 906
476	332	Towe	An act providing for confidentiality of library records; amending sections 2-6-101 and 2-6-102, MCA.....Page 907
477	385	Crippen	An act authorizing the Board of Regents to lease land to a private nonprofit foundation for the construction of a stadium at the University of Montana and exempting the construction from certain laws governing public construction contracts; and providing an immediate effective date.....Page 909
478	399	Crippen	An act to generally revise the laws relating to securities; amending sections 30-10-103 through 30-10-105, 30-10-201, 30-10-206, 30-10-209, and 30-10-305, MCA; and providing an immediate effective date.....Page 910
479	408	Thayer	An act to exempt transactions by capital companies from salesman and issuer registration provisions of the Securities Act of Montana; amending section 30-10-105, MCA; and providing an immediate effective date.....Page 923
480	440	B. Williams	An act to allow employers to operate as self-insured under the Workers' Compensation Act by forming groups to be certified as self-insured; amending sections 39-71-117, 39-71-2103, and 39-71-2106, MCA.....Page 926
481	461	Fuller	An act authorizing counties, cities, consolidated cities and counties, towns, and school districts to issue tax and revenue anticipation notes to be sold at par or discount at public sale or at private sale to the Montana Economic Development Board under the provisions of the Municipal Finance Consolidation Act; providing that the purchase of such notes and issuance of notes by the board for such purchase are exempt from the dollar limitations contained in the Municipal Finance Consolidation Act; deleting the loan limitation in section 17-5-1608(1), MCA; providing for the responsibilities of the County Treasurers in the issuance of such notes by school districts; exempting the tax and revenue anticipation notes from the debt limitations on such local governments; amending sections 17-5-1606, 17-5-1608, 17-5-1611, and 20-9-212, MCA; and providing an immediate effective date.....Page 928

3/06 REFERRED TO HIGHWAYS & TRANSPORTATION
3/28 HEARING
DIED IN COMMITTEE

SB 397 INTRODUCED BY PINSONEAULT, THAYER
REMOVE LIMITATION ON THE CARRYING OF FIREARMS BY UNIVERSITY SECURITY GUARDS

2/12 INTRODUCED
2/12 REFERRED TO EDUCATION & CULTURAL RESOURCES
2/20 HEARING
2/20 COMMITTEE REPORT-BILL DO PASS
2/23 2ND READING INDEFINITELY POSTPONED 37 11

SB 398 INTRODUCED BY PINSONEAULT, VAN VALKENBURG
CHANGE LOCAL INITIATIVE LAW TO EXCLUDE APPROPRIATIONS NOT BUDGETS

2/12 INTRODUCED
2/12 REFERRED TO LOCAL GOVERNMENT
2/21 HEARING
2/22 ADVERSE COMMITTEE REPORT 42 6
2/22 BILL KILLED

SB 399 INTRODUCED BY CRIPPEN, KEYSER
GENERAL REVISION OF SECURITIES LAWS
BY REQUEST OF SECURITIES DIVISION

2/12 INTRODUCED
2/12 REFERRED TO BUSINESS & INDUSTRY
2/13 FISCAL NOTE REQUESTED
2/14 HEARING
2/14 COMMITTEE REPORT-BILL PASS AS AMENDED
2/19 FISCAL NOTE RECEIVED
2/19 2ND READING PASS 45 0
2/21 3RD READING PASS 49 0

TRANSMITTED TO HOUSE
2/27 REFERRED TO BUSINESS & LABOR
3/27 HEARING
3/28 COMMITTEE REPORT-BILL CONCURRED
3/30 2ND READING CONCURRED 71 21
4/01 3RD READING CONCURRED 83 16

RETURNED TO SENATE
4/08 SIGNED BY PRESIDENT
4/09 SIGNED BY SPEAKER

4/10 TRANSMITTED TO GOVERNOR
4/15 SIGNED BY GOVERNOR
CHAPTER NUMBER 478 EFFECTIVE DATE: 4/15/85

SB 400 INTRODUCED BY YELLOWTAIL, HOWE, CRIPPEN, ET AL.
EXTENDING THE ALCOHOL TAX INCENTIVE TO EXPORTS; LIMITING INCENTIVE PAYMENTS
BY REQUEST OF DEPARTMENT OF REVENUE

2/12 INTRODUCED
2/13 REFERRED TO TAXATION
2/13 FISCAL NOTE REQUESTED

SENATE BILL NO. 399

INTRODUCED BY CRIPPEN, KEYSER

BY REQUEST OF THE SECURITIES DIVISION OF
THE STATE AUDITOR'S OFFICE

IN THE SENATE

February 12, 1985	Introduced and referred to Committee on Business and Industry.
February 14, 1985	Fiscal Note requested.
	Committee recommend bill do pass as amended. Report adopted.
February 15, 1985	Bill printed and placed on members' desks.
February 16, 1985	On motion, be placed on second reading on 38th Legislative Day. Motion adopted.
February 19, 1985	Fiscal Note returned.
	Second reading, do pass.
February 20, 1985	Considered correctly engrossed.
February 21, 1985	Third reading, passed. Ayes, 49; Noes, 0.
	Transmitted to House.

IN THE HOUSE

February 27, 1985	Introduced and referred to Committee on Business and Labor.
March 28, 1985	Committee recommend bill be concurred in. Report adopted.
March 30, 1985	Second reading, concurred in.

April 1, 1985 — Third reading, concurred in.

Returned to Senate.

IN THE SENATE

April 1, 1985 — Received from House.

April 2, 1985 — Sent to enrolling.

Reported correctly enrolled.

Senate BILL NO. 399

INTRODUCED BY _____

BY REQUEST OF THE SECURITIES DIVISION OF THE STATE AUDITOR'S OFFICE

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE LAWS RELATING TO SECURITIES; AMENDING SECTIONS 30-10-103 THROUGH 30-10-105, 30-10-201, 30-10-206, 30-10-209, AND 30-10-305, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 30-10-103, MCA, is amended to read:

"30-10-103. Definitions. When used in parts 1 through 3 of this chapter, unless the context requires otherwise, the following definitions apply:

(1) "Commissioner" means securities commissioner of this state.

(2) "Salesman" means any individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect sales of securities. A partner, officer, or director of a broker-dealer or issuer is a salesman only if he otherwise comes within this definition. "Salesman" does not include an individual who represents an issuer in:

(a) effecting a transaction in a security exempted by subsections (1), (2), (3), (9), (10), (11), or (12) of 30-10-104;

(b) effecting transactions exempted by 30-10-105; or

(c) effecting transactions with existing employees, partners, or directors of the issuer if no commission or other remuneration is paid or given directly or indirectly for soliciting any person in this state.

(3) "Broker-dealer" means any person engaged in the business of effecting transactions in securities for the account of others or for his own account. "Broker-dealer" does not include:

(a) a salesman, issuer, bank, savings institution, trust company, or insurance company; or

(b) a person who has no place of business in this state if he effects transactions in this state exclusively with or through the issuers of the securities involved in the transactions, other broker-dealers, or banks, savings institutions, trust companies, insurance companies, investment companies as defined in the Investment Company Act of 1940, pension or profit-sharing trusts, or other financial institutions or institutional buyers, whether acting for themselves or as trustee.

(4) "Registered broker-dealer" means a broker-dealer registered pursuant to 30-10-201.

~~(4)~~(5) "Guaranteed" means guaranteed as to payment of

INTRODUCED BILL
SB 399

principal, interest, or dividends.

~~(5)~~(6) "Investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. "Investment adviser" does not include:

(a) a bank, savings institution, trust company, or insurance company;

(b) a lawyer, accountant, engineer, or teacher whose performance of these services is solely incidental to the practice of his profession;

(c) a broker-dealer;

(d) a publisher of any bona fide newspaper, news magazine, or business or financial publication of general, regular, and paid circulation;

(e) a person whose advice, analyses, or reports relate only to securities exempted by 30-10-104(1);

(f) a person who has no place of business in this state if his only clients in this state are other investment advisers, broker-dealers, banks, savings institutions, trust companies, insurance companies, investment companies as defined in the Investment Company Act of 1940, pension or

profit-sharing trusts, or other financial institutions or institutional buyers, whether acting for themselves or as trustees; or

(g) such other persons not within the intent of this subsection (5) as the commissioner may by rule or order designate.

~~(6)~~(7) "Issuer" means any person who issues or proposes to issue any security, except that with respect to certificates of deposit, voting-trust certificates, or collateral-trust certificates or with respect to certificates of interest or shares in an unincorporated investment trust not having a board of directors (or persons performing similar functions) or of the fixed, restricted management, or unit type, the term "issuer" means the person or persons performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the trust or other agreement or instrument under which the security is issued.

~~(7)~~(8) "Nonissuer" means not directly or indirectly for the benefit of the issuer.

~~(8)~~(9) "Person", for the purpose of parts 1 through 3 of this chapter, means an individual, a corporation, a partnership, an association, a joint-stock company, a trust where the interests of the beneficiaries are evidenced by a security, an unincorporated organization, a government, or a

political subdivision of a government.

~~(9)~~(10) (a) "Sale" or "sell" includes every contract of sale of, contract to sell, or disposition of a security or interest in a security for value.

(b) "Offer" or "offer to sell" includes every attempt or offer to dispose of or solicitation of an offer to buy a security or interest in a security for value.

(c) Any security given or delivered with or as a bonus on account of any purchase of securities or any other thing is considered to constitute part of the subject of the purchase and to have been offered and sold for value. A purported gift of assessable stock is considered to involve an offer and sale. Every sale or offer of a warrant or right to purchase or subscribe to another security of the same or another issuer, as well as every sale or offer of a security which gives the holder a present or future right or privilege to convert into another security of the same or another issuer, is considered to include an offer of the other security.

~~(10)~~(11) "Securities Act of 1933", "Securities Exchange Act of 1934", "Public Utility Holding Company Act of 1935", and "Investment Company Act of 1940" mean the federal statutes of those names as amended before or after July 1, 1961.

~~(11)~~(12) "Security" means any note; stock; treasury

stock; bond; debenture; evidence of indebtedness; certificate of interest or participation in any profit-sharing agreement; collateral-trust certificate; preorganization certificate or subscription; transferable shares; investment contract; voting-trust certificate; certificate of deposit for a security; certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease; or, in general, any interest or instrument commonly known as a security or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase any of the foregoing. "Security" does not include any insurance or endowment policy or annuity contract under which an insurance company promises to pay a sum of money either in a lump sum or periodically for life or some other specified period.

~~(12)~~(13) "State" means any state, territory, or possession of the United States, as well as the District of Columbia and Puerto Rico."

Section 2. Section 30-10-104, MCA, is amended to read:

"30-10-104. Exempt securities. Sections 30-10-202 through 30-10-207 do not apply to any of the following securities:

(1) any security (including a revenue obligation)

issued or guaranteed by the United States, any state, any political subdivision of a state, or any agency or corporate or other instrumentality of one or more of the foregoing; provided, however, 30-10-202 through 30-10-207 apply to a security issued by any of the foregoing that is payable solely from payments to be received in respect of property or money used under a lease, sale, or loan arrangement by or for a nongovernmental industrial or commercial enterprise, unless such enterprise or any security of which it is the issuer is within any of the exemptions enumerated in subsections (2) through (9) of this section;

(2) any security issued or guaranteed by Canada, any Canadian province, any political subdivision of any such province, or any agency or corporate or other instrumentality of one or more of the foregoing or any other foreign government with which the United States currently maintains diplomatic relations if the security is recognized as a valid obligation by the issuer or guarantor;

(3) any security issued by and representing an interest in or a debt of or guaranteed by any bank organized under the laws of the United States or any bank, savings institution, or trust company organized ~~or chartered as such and under the jurisdiction and supervision of the superintendent of banks of any state~~ and supervised under the laws of any state;

(4) any security issued by and representing an interest in or a debt of or guaranteed by any federal savings and loan association or any building and loan or similar association organized under the laws of any state and authorized to do business in this state;

(5) any insurance or endowment policy or annuity contract or optional annuity contract issued by a corporation subject to the supervision of the insurance commissioner;

(6) any security issued or guaranteed by any federal credit union or any credit union, industrial loan association, or similar association organized and supervised under the laws of this state;

(7) any security issued or guaranteed by any railroad, other common carrier, public utility, or holding company which is:

(a) subject to the jurisdiction of the interstate commerce commission;

(b) a registered holding company under the Public Utility Holding Company Act of 1935 or a subsidiary of such a company within the meaning of that act;

(c) regulated in respect of its rates and charges by a governmental authority of the United States or any state or municipality; or

(d) regulated in respect to the issuance or guarantee

of the security by a governmental authority of the United States, any state, Canada, or any Canadian province; also equipment trust certificates in respect to equipment conditionally sold or leased to a railroad or public utility if other securities issued by such railroad or public utility would be exempt under this subsection;

(8) any security that meets all of the following conditions:

(a) if the issuer is not organized under the laws of the United States or a state, it has appointed a duly authorized agent in the United States for service of process and has set forth the name and address of such agent in its prospectus;

(b) a class of the issuer's securities is required to be and is registered under section 12 of the Securities Exchange Act of 1934 and has been so registered for the 3 years immediately preceding the offering date;

(c) neither the issuer nor a significant subsidiary has had a material default during the last 7 years (or the issuer's existence if less than 7 years) in the payment of:

(i) principal, interest, dividend, or sinking fund installment on preferred stock or indebtedness for borrowed money; or

(ii) rentals under leases with terms of 3 years or more;

(d) the issuer has had consolidated net income (before extraordinary items and the cumulative effect of accounting changes) of at least $1 million in 4 of its last 5 fiscal years, including its last fiscal year; and if the offering is of interest-bearing securities, has had for its last fiscal year such net income, but before deduction for income taxes and depreciation, of at least 1 1/2 times the issuer's annual interest expense, giving effect to the proposed offering and the intended use of the proceeds. "Last fiscal year" as used in this subsection (8)(d), means the most recent year for which audited financial statements are available, provided that such statements cover a fiscal period ended not more than 15 months from the commencement of the offering.

(e) if the offering is of stock or shares, other than preferred stock or shares, such securities have voting rights and such rights include the right to have at least as many votes per share and the right to vote on at least as many general corporate decisions as each of the issuer's outstanding classes of stock or shares, except as otherwise required by law;

(f) if the offering is of stock or shares, other than preferred stock or shares, such securities are owned beneficially or of record on any date within 6 months prior to the commencement of the offering by at least 1,200

persons and on such date there are at least 750,000 such shares outstanding with an aggregate market value, based on the average bid price for that day, of at least $3,750,000. In connection with the determination of the number of persons who are beneficial owners of the stock or shares of an issuer, the issuer or broker-dealer may rely in good faith for the purposes of this section upon written information furnished by the record owners.

(9) any security issued by any person organized and operated not for private profit but exclusively for religious, educational, benevolent, charitable, fraternal, social, athletic, or reformatory purposes if the issuer pays a fee of $50 and files with the commissioner 20 days prior to the offering a written notice specifying the terms of the offer and the commissioner does not disallow the exemption in writing within such 20-day period;

(10) any commercial paper which arises out of a current transaction or the proceeds of which have been or are to be used for current transaction and which evidences an obligation to pay cash within 9 months of the date of issuance, exclusive of days of grace, or any renewal of such paper which is likewise limited or any guarantee of such paper or of any such renewal, when such commercial paper is sold to the banks or insurance companies;

(11) any investment contract issued in connection with

an employee's stock purchase, savings, pension, profit-sharing, or similar benefit plan;

(12) any security for which the commissioner determines by order that an exemption would better serve the purposes of 30-10-102 than would registration. ~~The commissioner may charge a fee of $50 for granting the exemption by order.~~ The fee for this exemption must be as prescribed in 30-10-209(4).

(13) any security listed or approved for listing upon notice of issuance on the New York stock exchange, the American stock exchange, the Pacific stock exchange, the Midwest stock exchange, or any other stock exchange registered with the federal securities and exchange commission and approved by the commissioner; any other security of the same issuer that is of senior or substantially equal rank; any security called for by subscription rights or warrants so listed or approved; or any warrant or right to purchase or subscribe to any of the foregoing~~;~~;

(14) any national market system security listed or approved for listing upon notice of issuance on the national association of securities dealers automated quotation system or any other national quotation system approved by the commissioner; any other security of the same issuer that is of senior or substantially equal rank; any security called

for by subscription rights or warrants so listed or approved; or any warrant or right to purchase or subscribe to any of the securities listed in this subsection."

Section 3. Section 30-10-105, MCA, is amended to read:

"30-10-105. Exempt transactions. Except as in this section expressly provided, 30-10-201 through 30-10-207 shall not apply to any of the following transactions:

(1) any nonissuer isolated transaction, whether effected through a broker-dealer or not;

(2) (a) any nonissuer distribution of an outstanding security by a broker-dealer registered pursuant to 30-10-201 if:

~~(a)~~(i) quotations for the securities to be offered or sold (or the securities issuable upon exercise of any warrant or right to purchase or subscribe to such securities) are reported by the automated quotations system operated by the national association of securities dealers, inc., (NASDAQ) or by any other quotation system approved by the commissioner by rule; or

~~(b)~~(ii) the security has a fixed maturity or a fixed interest or dividend provision and there has been no default during the current fiscal year or within the 3 preceding fiscal years, or during the existence of the issuer and any predecessors if less than 3 years, in the payment of principal, interest, or dividends on the security~~;~~.

~~(3)~~(b) the The commissioner may by order deny or revoke the exemption specified in subsection (2)(a) with respect to a specific security. Upon the entry of such an order, the commissioner shall promptly notify all registered broker-dealers that it has been entered and of the reasons therefor and that within 15 days of the receipt of a written request the matter will be set down for hearing. If no hearing is requested and none is ordered by the commissioner, the order will remain in effect until it is modified or vacated by the commissioner. If a hearing is requested or ordered, the commissioner, after notice of and opportunity for hearing to all interested persons, may modify or vacate the order or extend it until final determination. No order under this subsection may operate retroactively. No person may be considered to have violated parts 1 through 3 of this chapter by reason of any offer or sale effected after the entry of an order under this subsection if he sustains the burden of proof that he did not know and in the exercise of reasonable care could not have known of the order.

~~(4)~~(3) any nonissuer transaction effected by or through a registered broker-dealer pursuant to an unsolicited order or offer to buy, but the commissioner may require that the customer acknowledge upon a specified form that the sale was unsolicited and that a signed copy of each

form be preserved by the broker-dealer for a specified period;

~~(5)~~ (4) any transaction between the issuer or other person on whose behalf the offering is made and an underwriter or among underwriters;

~~(6)~~ (5) any transaction by an executor, administrator, sheriff, marshal, receiver, trustee in bankruptcy, guardian, or conservator in the performance of his official duties as such;

~~(7)~~ (6) any transaction executed by a bona fide pledgee without any purpose of evading parts 1 through 3 of this chapter;

~~(8)~~ (7) any offer or sale to a bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity;

~~(9)~~ (8) (a) any transaction pursuant to an offer made in this state directed by the offeror to not more than 10 persons (other than those designated in subsection ~~(8)~~ (7) ~~of this section~~) ~~in this state~~ during any period of 12 consecutive months, ~~whether or not the offeror or any of the offerees is then present in this state,~~ if:

~~(a)~~ (i) the seller reasonably believes that all the buyers are purchasing for investment; and

~~(b)~~ (ii) no commission or other remuneration is paid or given directly or indirectly for soliciting any prospective buyer; provided, however, that a commission may be paid to a registered broker-dealer if the securities involved are registered with the United States securities and exchange commission under the federal Securities Act of 1933, as amended~~;~~.

(b) For the purpose of the exemption provided for in subsection (8)(a), an offer to sell is made in this state, whether or not the offeror or any of the offerees is then present in this state, if the offer either originates from this state or is directed by the offeror to this state and received at the place to which it is directed (or at any post office in this state in the case of a mailed offer).

~~(10)~~ (9) any offer or sale of a preorganization certificate or subscription if:

(a) no commission or other remuneration is paid or given directly or indirectly for soliciting any prospective subscriber;

(b) the number of subscribers does not exceed 10; and

(c) no payment is made by any subscriber;

~~(11)~~ (10) any transaction pursuant to an offer to existing security holders of the issuer, including persons

who at the time of the transaction are holders of convertible securities, nontransferable warrants, or transferable warrants exercisable within not more than 90 days of their issuance, if:

(a) no commission or other remuneration (other than a standby commission) is paid or given directly or indirectly for soliciting any security holder in this state; or

(b) the issuer first files a notice specifying the terms of the offer and the commissioner does not by order disallow either (a) or (b) of this subsection;

~~(12)~~ (11) any offer (but not a sale) of a security for which registration statements have been filed under both parts 1 through 3 of this chapter and the Securities Act of 1933 if no stop order or refusal order is in effect and no public proceeding or examination looking toward such an order is pending under either law;

~~(13)~~ (12) any offer (but not a sale) of a security for which a registration statement has been filed under parts 1 through 3 of this chapter and the commissioner in his discretion does not disallow the offer in writing within 10 days of such filing;

~~(14)~~ (13) the issuance of any stock dividend, whether the corporation distributing the dividend is the issuer of the stock or not, if nothing of value is given by stockholders for the distribution other than the surrender

of a right to a cash dividend where the stockholder can elect to take a dividend in cash or stock;

~~(15)~~ (14) any transaction incident to a right of conversion or a statutory or judicially approved reclassification, recapitalization, reorganization, quasi-reorganization, stock split, reverse stock split, merger, consolidation, or sale of assets; or

~~(16)~~ (15) any transaction in compliance with such rules as the commissioner in his discretion may adopt to serve the purposes of 30-10-102."

Section 4. Section 30-10-201, MCA, is amended to read:

"30-10-201. Registration of broker-dealers, salesmen, and investment advisers. (1) It is unlawful for any person to transact business in this state as a broker-dealer or salesman, except in transactions exempt under 30-10-105, unless he is registered under parts 1 through 3 of this chapter.

(2) It is unlawful for a broker-dealer or issuer to employ a salesman to represent him in this state, except in transactions exempt under 30-10-105, unless the salesman is registered under parts 1 through 3 of this chapter.

(3) It is unlawful for any person to transact business in this state as an investment adviser unless:

(a) he is so registered under parts 1 through 3 of this chapter;

(b) he is registered as a broker-dealer under parts 1 through 3 of this chapter; or

(c) his only clients in this state are investment companies, as defined in the Investment Company Act of 1940, or insurance companies.

(4) A broker-dealer or a salesman, acting as an agent for an issuer or as an agent for a broker-dealer in the offer or sale of securities for an issuer, or an investment adviser may apply for registration by filing ~~with the commissioner~~ an application in such form as the commissioner prescribes and payment of the fee prescribed in 30-10-209. Except for persons in the employ of brokerage firms governed by the regulations of the securities and exchange commission, all salesmen must be legal residents of this state and must have actually resided in this state for a period of at least 1 year next prior to the date of application for registration. The commissioner may, upon request and for good cause shown by an applicant, waive the residency requirement. Payment of the waiver fee shall be as prescribed in 30-10-209. A salesman acting as agent for an issuer or broker-dealer who is not currently in compliance with the financial responsibility requirements prescribed by the Securities Exchange Act of 1934 and by regulations adopted under it, may, in the discretion of the commissioner, be required to file with the commissioner a

bond of a surety company duly authorized to transact business in this state. The bond shall be in an amount determined by the commissioner, payable to the state of Montana and conditioned upon the faithful compliance with the provisions of parts 1 through 3 of this chapter, and provide that upon failure to so comply, the salesman shall be liable to any and all persons who may suffer loss by reason thereof.

(5) The application shall contain whatever information the commissioner requires.

(6) When the registration requirements are complied with, the commissioner shall approve the registration.

(7) Registration of a broker-dealer, salesman, or investment adviser shall be effective until December 31 following such registration or such other time as the commissioner may by rule adopt and may be renewed. The registration of a salesman is not effective during any period when he is not associated with an issuer or a registered broker-dealer specified in his application. When a salesman begins or terminates a connection with an issuer or registered broker-dealer, the salesman and the issuer or broker-dealer shall promptly notify the commissioner.

(8) Registration of a broker-dealer, salesman, or investment adviser may be renewed by filing ~~with the commissioner~~ prior to the expiration thereof an application

containing such information as the commissioner may require to indicate any material change in the information contained in the original application or any renewal application for registration as a broker-dealer, salesman, or investment adviser filed ~~with--the--commissioner~~ by the applicant, payment of the prescribed fee, and, in the case of a broker-dealer who is not a member of NASD, inc., by filing a financial statement showing the financial condition of such broker-dealer as of a date within 90 days. A registered broker-dealer or investment adviser may file an application for registration of a successor, to become effective upon approval of the commissioner.

(9) Every registered broker-dealer and investment adviser shall make and keep such accounts and other records, except with respect to securities exempt under 30-10-104(1), as may be prescribed by the commissioner. All records so required shall be preserved for 3 years unless the commissioner prescribes otherwise for particular types of records. All the records of a registered broker-dealer or investment adviser are subject at any time or from time to time to such reasonable periodic, special, or other examinations, within or without this state, by representatives of the commissioner, as the commissioner considers necessary or appropriate in the public interest or for the protection of investors.

(10) The commissioner may by order deny, suspend, or revoke registration of any broker-dealer, salesman, or investment adviser if he finds that the order is in the public interest and that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director:

(a) has filed an application for registration under this section which, as of its effective date or as of any date after filing in the case of an order denying effectiveness, was incomplete in any material respect or contained any statement which was, in the light of the circumstances under which it was made, false or misleading with respect to any material fact;

(b) has willfully violated or willfully failed to comply with any provision of parts 1 through 3 of this chapter or a predecessor law or any rule or order under parts 1 through 3 of this chapter or a predecessor law;

(c) has been convicted of any misdemeanor involving a security or any aspect of the securities business or any felony;

(d) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the securities business;

(e) is the subject of an order of the commissioner

denying, suspending, or revoking registration as a broker-dealer, salesman, or investment adviser;

(f) is the subject of an order entered within the past 5 years by the securities administrator of any other state or by the federal securities and exchange commission denying or revoking registration as a broker-dealer, salesman, or investment adviser or the substantial equivalent of those terms as defined in parts 1 through 3 of this chapter or is the subject of an order of the federal securities and exchange commission suspending or expelling him from a national securities exchange or national securities association registered under the Securities Exchange Act of 1934 or is the subject of a United States post office fraud order, but:

(i) the commissioner may not institute a revocation or suspension proceeding under this subsection (f) more than 1 year from the date of the order relied on; and

(ii) he may not enter any order under this subsection (f) on the basis of an order unless that order was based on facts which would currently constitute a ground for an order under this section;

(g) has engaged in dishonest or unethical practices in the securities business;

(h) is insolvent, either in the sense that his liabilities exceed his assets or in the sense that he cannot

meet his obligations as they mature, but the commissioner may not enter an order against a broker-dealer or investment adviser under this subsection (h) without a finding of insolvency as to the broker-dealer or investment adviser;

(i) has not complied with a condition imposed by the commissioner under this section or is not qualified on the basis of such factors as training, experience, or knowledge of the securities business; or

(j) has failed to pay the proper filing fee, but the commissioner may enter only a denial order under this subsection (j), and he shall vacate any such order when the deficiency has been corrected.

(11) Upon the entry of the order under subsection (10) of this section, the commissioner shall promptly notify the applicant or registrant, as well as the employer or prospective employer if the applicant or registrant is a salesman, that it has been entered and of the reasons therefor and that if requested by the applicant or registrant within 15 days after the receipt of the commissioner's notification the matter will be promptly set down for hearing. If no hearing is requested within 15 days and none is ordered by the commissioner, the order will remain in effect until it is modified or vacated by the commissioner. If a hearing is requested or ordered, the commissioner, after notice of and opportunity for hearing,

may affirm, modify, or vacate the order.

(12) If the commissioner finds that any registrant or applicant for registration is no longer in existence or has ceased to do business as a broker-dealer, investment adviser, or salesman or is subject to an adjudication of mental incompetence or to the control of a committee, conservator, or guardian or cannot be located after reasonable search, the commissioner may by order cancel the registration or application."

Section 5. Section 30-10-206, MCA, is amended to read:

"30-10-206. General provisions regarding registration of securities. (1) A registration statement may be filed by the issuer, any other person on whose behalf the offering is to be made, or a registered broker-dealer. Any document filed under parts 1 through 3 of this chapter or a predecessor law within 5 years preceding the filing of a registration statement may be incorporated by reference in the registration statement to the extent that the document is currently accurate. The commissioner may by rule or otherwise permit the omission of any item of information or document from any registration statement.

(2) (a) The commissioner may require as a condition of registration by qualification or coordination:

(i) that any security issued within the past 3 years or to be issued to a promoter for a consideration

substantially different from the public offering price, or to any person for a consideration other than cash, be deposited in escrow; and

(ii) that the proceeds from the sale of the registered security in this state be impounded until the issuer receives a specified amount from the sale of the security either in this state or elsewhere.

(b) The commissioner may determine the conditions of any escrow or impounding required hereunder but he may not reject a depository solely because of location in another state.

(3) When securities are registered by notification, coordination, or qualification, they may be offered and sold by the issuer, any other person on whose behalf they are registered, or by any registered broker-dealer. Every registration shall remain effective for a period of 1 year unless it is revoked by the commissioner, terminated upon request of the registrant with the consent of the commissioner, or renewed under 30-10-209(1)(b); however, said registration shall be automatically suspended upon a stop order or suspension proceedings being instituted by the securities and exchange commission relative to said securities and shall continue suspended so long as such proceedings are pending and until the registration or filing with the securities and exchange commission is effective.

All outstanding securities of the same class as a currently registered security are considered to be registered for the purpose of any nonissuer transaction. A registration statement which has become effective may not be withdrawn for 1 year from its effective date if any securities of the same class are outstanding.

(4) The commissioner may require the person who filed the registration statement to file reports to keep reasonably current the information contained in the registration statement and to disclose the progress of the offering with respect to registered securities which:

(a) are issued by a face-amount certificate company or a redeemable security issued by an open-end management company or unit investment trust as those terms are defined in the Investment Company Act of 1940; or

(b) are being offered and sold directly by or for the account of the issuer.

~~(5)--During-the-period-in-which-there-is-an-offering-of securities--registered--under--the--provisions--of--parts--1 through--3--of--this--chapter,--and--for--which--there-is-no exemption-under-30-10-104-or-30-10-105,-financial--data--for the--issuer's--fiscal--year-and-such-other-statements-as-the commissioner--may--require---shall---be---filed---with---the commissioner--annually,--not-less-than-90-days-after-the-end of-each-such-year.-If-such-statements-are-not-certified,-the commissioner-may-verify-them-by-examining-the-issuer's-books and-records.~~"

Section 6. Section 30-10-209, MCA, is amended to read:

"30-10-209. Fees. The following fees shall be paid in advance under the provisions of parts 1 through 3 of this chapter:

(1) (a) For the registration of securities by notification, coordination, or qualification, there shall be paid to the commissioner for the first year of registration a registration fee of $200 for the first $100,000 of initial issue or portion thereof in this state, based on offering price, plus 1/10 of 1% for any excess over $100,000, with a maximum of $1,000.

(b) Each year thereafter, a registration of securities may be renewed, prior to its termination date, for an additional year upon consent of the commissioner and payment of an additional registration fee to be computed at 1/10 of 1% of the aggregate offering price of such securities which are to be offered in this state during that year, even though the maximum fee was paid the preceding year. In no event shall the additional registration fee be less than $200 or more than $1,000. The registration statement for such securities may be amended to increase the amount of securities to be offered.

(c) ~~A-registration-of-securities-may-be-renewed--after~~

~~its---termination---date--upon--payment--of--the--additional registration-fee-and-a-late-renewal-fee--of--$50.--The--late renewal-fee-may-be-waived-by-the-commissioner-upon-a-showing of-good-cause.~~ If a registrant sells securities in excess of the aggregate amount registered for sale in this state, the registrant may file an amendment to the registration statement to include the excess sales. If the registrant fails to file an amendment before the expiration date of the registration order, he shall pay a filing fee for the excess sales of three times the amount calculated in the manner specified in subsection (1)(b). Registration of the excess securities is effective retroactively to the date of the existing registration.

~~(d)--For--filing--an--annual-statement,-a-posteffective amendment-to-a-registration-of-securities,-or-a-name-change, the-fee-shall-be-$10.~~

~~(e)--When-an-application-for-registration-of-securities is-denied-or-withdrawn,-the-commissioner--shall--retain--the fee.~~

(2) (a) For registration of a broker-dealer or investment adviser, the fee shall be $200 for original registration and $200 for each annual renewal.

(b) For registration of a salesman, the fee shall be $50 for original registration with each employer, $50 for each annual renewal, and $50 for each transfer.

~~(c)--When---an---application---for--registration--as--a broker-dealer,-salesman,-or-investment-adviser-is-denied--or withdrawn,-the-commissioner-shall-retain-the-fee.~~

~~(d)--For---filing---posteffective---amendments---to---a registration-of-a--broker-dealer,--salesman,--or--investment adviser,--the--fee-shall-be-$10,-except-that-there-is-no-fee for-filing-an-address-change-of-a-salesman-or--a--notice--of disciplinary-action.~~

(3) For certified copies of any documents filed with the commissioner, the fee shall be the cost to the department.

(4) For a request for an exemption under 30-10-105~~(16)~~(15), the fee shall be established by the commissioner by rule. For a request for any other exemption or an exception to the provisions of parts 1 through 3 of this chapter, the fee shall be $50.

(5) For waiver of the residency requirement of 30-10-201(1), the fee shall be $50 for each original registration.

(6) All fees are considered fully earned when received. In the event of overpayment, only those amounts in excess of $10 may be refunded."

Section 7. Section 30-10-305, MCA, is amended to read:

"30-10-305. Injunctions and other remedies. (1) Whenever it appears to the commissioner that any person has

engaged or is about to engage in any act or practice constituting a violation of any provision of parts 1 through 3 of this chapter or any rule or order hereunder, he may in his discretion:

(a) issue an order directing the person to cease and desist from continuing the act or practice after reasonable notice and opportunity for a hearing. The commissioner may issue a temporary order pending the hearing that remains in effect until 10 days after ~~any~~ the hearing on the allegations contained in the cease and desist order is held or that becomes final if the person to whom notice is addressed does not request a hearing within 15 days after receipt of the notice; or

(b) without the issuance of a cease and desist order, bring an action in any court of competent jurisdiction to enjoin any such acts or practices and to enforce compliance with parts 1 through 3 of this chapter or any rule or order hereunder. Upon a proper showing, a permanent or temporary injunction, restraining order, or writ of mandamus shall be granted and a receiver or conservator may be appointed for the defendant or the defendant's assets. The commissioner may not be required to post a bond. If the commissioner prevails, he is entitled to reasonable attorneys' fees as fixed by the court.

(2) A final judgment or decree, criminal or civil,

determining that a person has violated parts 1 through 3 of this chapter in an action brought by the commissioner for such violation, other than a consent judgment or decree entered before trial, is prima facie evidence against that person in an action brought against him under 30-10-307."

NEW SECTION. Section 8. Extension of authority. Any existing authority of the securities commissioner to make rules on the subject of the provisions of this act is extended to the provisions of this act.

NEW SECTION. Section 9. Effective date. This act is effective on passage and approval.

-End-

STATE OF MONTANA

FISCAL NOTE

REQUEST NO. FNN 433-85

Form BD-15

In compliance with a written request received February 14, 19 85, there is hereby submitted a Fiscal Note for Senate Bill 399 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 399 would generally revise the laws relating to securities.

ASSUMPTIONS:

1. The revenue collected under 30-10-209 (1) and (2), MCA, would no longer be collected and deposited in general fund.
2. Under 30-10-209 (6), only the amount exceeding $10.00 will be refunded.

FISCAL IMPACT:

	FY86	FY87
Existing Law	$27,500	$27,500
Proposed Law	1,000	1,050
Decreased General Fund Revenue	($26,500)	($26,500)

David L Hunter

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 19, 1985

FN10:E/5

SENATE BUSINESS & INDUSTRY COMMITTEE

COMMITTEE MEMBERS

1985

Senator Mike Halligan, Chairman

Senator Chris Christiaens, Vice-Pres.

Senator Paul Boylan

Senator Allen Kolstad

Senator Dave Fuller

Senator Ted Neuman

Senator Delwyn Gage

Senator Gene Thayer

Senator Pat Goodover

Senator Bob Williams

Senator Cecil Weeding

Carol Duval, Committee Secretary

Mary McCue, Legislative Council

ROLL CALL

BUSINESS & INDUSTRY COMMITTEE

49th LEGISLATIVE SESSION, 1985

MONTH FEBRUARY

DATE----------	1	4	5	6	7	8	11	12	13	14	15
NAME:											
Chrm. Mike Halligan	X		X	X	X	X		X	X	X	X
V-Chr. Christiaens	X		E	X	X	X		X	X	X	X
Senator Boylan	X		X	X	X	X		X	X	X	X
Senator Fuller	X		X	X	X	X		X	X	X	X
Senator Gage	X		E	X	X	X		X	X	X	X
Senator Goodover	X		X	X	X	X		X	X	X	X
Senator Kolstad	X		X	X	X	X		X	X	X	X
Senator Neuman	X		X	E	E	X		X	X	X	E
Senator Thayer	X		X	X	X	X		X	X	X	X
Senator Williams	X		X	X	X	X		X	X	X	X
Senator Weeding								X	X	X	X

KEY: X--Present
A--Absent
E--Excused

CHAIRMAN--HALLIGAN, MIKE
NORMAL SCHEDULE==> SITE: ROOM 410 DAYS: M-TU-W-TH-F TIME: 10:00 A.M.-12 NOON

SECRETARY-DUVAL, CAROL

--BILL NO---	REFER DATE---	HEARING DATE---	CONSIDERATION DATES----------	COMMITTEE ACTION----------	REREFERRED TO COMM----	DATE OUT-
SB0380	2/11	2/20		PASS AS AMENDED		2/20
THAYER, GENE			"CENTENNIAL ACRE" - SALE OF DEEDS TO SQUARE INCHES FOR CENTENNIAL FUNDING			
SB0391	2/12	2/21	3/07 3/14 3/15	PASS AS AMENDED	BUSINESS & LABOR	3/18
BOYLAN, PAUL F.			LICENSING AND PLACEMENT OF VIDEO DRAW POKER MACHINES			
SB0391	3/20					
BOYLAN, PAUL F.			LICENSING AND PLACEMENT OF VIDEO DRAW POKER MACHINES			
SB0394	2/13	2/20	2/22	DO PASS		2/22
LYNCH, J.D.			LOCAL GOVERNMENT ELECTRIC GENERATION OUTSIDE OF BOUNDARIES			
SB0399	2/12	2/14		PASS AS AMENDED		2/14
CRIPPEN, BRUCE D.			GENERAL REVISION OF SECURITIES LAWS			
SB0403	2/13	2/19	2/20	TABLED		2/20
HALLIGAN, MIKE			MONTANA COMMUNITY DEVELOPMENT BOARD CREATION - POWERS AND DUTIES			
SB0404	2/13	2/18	2/18 2/20	DO PASS		2/20
YELLOWTAIL JR, WILLIAM P.			PERMITTING BOARD OF REALTY REGULATION TO CHANGE LICENSE RENEWAL DATE			
SB0408			1/29 2/13			
THAYER, GENE			EXEMPT CAPITAL COMP. FROM DUTY TO REGISTER AS SECURITIES SALESMAN, ISSUER			
SB0408	2/13	2/19		DO PASS		2/19
THAYER, GENE			EXEMPT CAPITAL COMP. FROM DUTY TO REGISTER AS SECURITIES SALESMAN, ISSUER			
SB0413	2/14	2/19	2/20 3/07	TABLED		2/20
HALLIGAN, MIKE			LOCAL GOVERNMENT REVENUE BONDS - GUARANTEE BY IN-STATE INVESTMENT FUND			
SB0423	2/15	2/22		PASS AS AMENDED		2/22
HALLIGAN, MIKE			LIMIT BANK DELAY IN MAKING FUNDS AVAILABLE TO DEPOSITOR; REQUIRE NOTICE			

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

February 14, 1985

The 21st meeting of the Business & Industry Committee met on February 14 in Room 410 of the Capitol Building at 10 a.m. Chairman Mike Halligan called the meeting to order

ROLL CALL: All committee members were present. Senator Cecil Weeding is now an official voting member of the committee making a total of eleven members.

CONSIDERATION OF SENATE BILL 350: Senator Bruce Crippen, Senate District 45 from Billings, is the sponsor of this bill at the request of the securities division of the State Auditor's office. This act provides for the imposition of fines by the securities commissioner upon finding that a securities act has been violated or upon the revocation or suspension of the license of a broker-dealer, salesman, or investment adviser. He added that a fine can be imposed only after a hearing has been held, and only after it has been appealed and the amount will be limited to $500 per violation. He felt that possibly the word "first" should be struck before "lien" in two sections of the bill.

PROPONENTS: Kim Schulke, Staff Attorney for the State Auditor's Office, stated this will enable them to impose a fine when violations occur and provide an additional remedy for the securities department to be reimbursed for expenses whenever a violation occurs.

OPPONENTS: There were no opponents to Senate Bill 350.

Questions were then called for. Rick Tucker, Deputy Director of the Securities Commission, explained that the lien does not provide a problem for them but for out-of-state violators it is perhaps the only remedy for compensation if they do not have property in the state. Senator Halligan asked if the $500 was enough and Kim Schulke replied they were looking more for a penalization rather than a felony and felt that $500 was adequate. Senator Crippen closed the hearing on Senate Bill 350.

CONSIDERATION OF SENATE BILL 399: Senator Bruce Crippen, Senate District 45 from Billings, introduced this bill at the request of the Securities Division of the State Auditor's Office. This bill will generally revise the laws relating to securities. He explained there are four areas he wanted to make note of. The first deals with the exemption securities just making it conform with the language of the uniform securities act. The second creates a new exemption which would exempt from registration those securities meeting the criteria which is the electronic marketplace. The third, on page 15, clarifies when the small offering exemption is available. On page 29 there is new language which allows a securities registrant to sell securities in excess of the amount registered.

PROPONENTS: Kim Schulke, Staff Attorney for the State Auditor's Office, explained in more detail the changes being proposed. (EXHIBIT 1) She also turned in several letters they had received supporting this revision of security laws. (EXHIBIT 2) Doug James, a Billings attorney representing the National Association of Security Dealers, or NASD, expressed their support for this bill. Montana first adopted laws in 1962 for these securities but since then there have been many technological changes, especially NSDAQ, the equivalent of the New York Stock Exchange using computer technology. This bill would correct the inequities that now exist and allow better information and service to Montana customers. He also turned in letters of support. (EXHIBIT 3) Robert Minto, an Attorney from Missoula, who works closely with securities strongly supported this measure. Gene Hufford, from D.A. Davidson, supports the measure also. Mike DaSilva, with G.T. Murray in Helena, stated it would allow them to sell to their clients and offer them a much better variety of securities and urged support. Dale Harris, Deputy Admininstrator of the Economic Development Board, appeared on behalf of Keith Colbo, Director of the Department of Commerce, urging support of the measure because of the benefits it will provide to the people of Montana and help raise the equity capital of our state.

OPPONENTS: There were no opponents to this bill.

Questions were then called for. Senator Neuman wanted to know if by eliminating fees the process was still done. Kim Schulke explained the filing of an annual statement is no longer required but it is the processing of the fee that takes the time as they have an extensive receipting procedure. Senator Christiaens wanted to know how they came up with "three times the amount" language in the bill and was told this from language that other states have adopted. Senator Halligan asked Doug James who plugged the information into the computer and he explained if a market meets the criteria then their information is put into computers and fed to the brokerage firms. Senator Crippen closed the hearing on Senate Bill 399.

DISPOSITION OF SENATE BILL 399: Senator Thayer then moved TO PASS the amendment to strike 30-10-201(1) from page 30, line 18 and insert 30-10-201(4). This motion carried. Senator Goodover then moved that Senate Bill 399 PASS AS AMENDED. The motion carried. (EXHIBIT 4)

DISPOSITION OF SENATE BILL 350: Senator Kolstad then moved TO PASS an amendment to strike the word "first" on page 8, line 25, and on page 11, line 3. The motion carried. Senator Kolstad then moved to PASS AS AMENDED Senate Bill 350. (EXHIBIT 5)

CONSIDERATION OF SENATE BILL 340: Senator Bob Brown, Senate District 2, Whitefish, is the principal sponsor of this bill. It will authorize that public moneys can be invested in credit

ROLL CALL

BUSINESS & INDUSTRY COMMITTEE

49th LEGISLATIVE SESSION -- 1985 Date 2/14/85

SENATE SEAT #

NAME	PRESENT	ABSENT	EXCUSED
Chairman Halligan	X		
V-chrm. Christiaens	X		
Senator Boylan	X		
Senator Fuller	X		
Senator Gage	X		
Senator Goodover	X		
Senator Kolstad	X		
Senator Neuman	X		
Senator Thayer	X		
Senator Williams	X		
Senator Weeding	X		

Each day attach to minutes.

EXHIBIT 1
BUSINESS & INDUSTRY
February 14, 1985

TO: BUSINESS AND INDUSTRY COMMITTEE

FROM: J. KIM SCHULKE, Staff Attorney
Office of the State Auditor, Securities Department

RE: SB 399
GENERAL REVISION OF SECURITIES LAWS

Page 2, lines 23-24. The definition of "registered broker-dealer" was added so that where that term appears in the act, it is clear that the broker-dealer must be registered in Montana.

Page 7, lines 22-25. This provision deals with a registration exemption for securities issued by certain banks, savings institutions or trust companies. The section has been changed to conform to the language of the Uniform Act as it is the position of the Department that the Uniform language is more clear.

Page 12, lines 5-8. All fees have been moved to one section so the $50 fee for this exemption is put in 30-10-209.

Page 12, lines 20-25, and page 13, lines 1-3. This section provides a new exemption from registration for national market system securities listed or approved for listing on the National Association of Securities Dealers automated quotation system, better known as NASDAQ/NMS. The state of Georgia has recently adopted a similar exemption and it is before the legislatures of several states.

The exemption immediately preceding this one is a securities exemption for securities listed on stock exchanges. It is the position of the Department, that while NASDAQ/NMS is not an exchange; these securities are on par with those securities listed on the major securities exchanges. Designation as a NASDAQ/NMS security is made pursuant to criteria set forth in a rule promulgated by the Securities and Exchange Commission and subject to change only through the SEC rulemaking process. Any such change must comport with the mandates of Congress as embodied in the 1975 Amendments to the Securities Exchange Act, which created the concept of a national market system for securities transactions. The Department believes that the listing criteria for NASDAQ/NMS are equal to and in some cases exceed the criteria for listing on various securities exchanges.

Page 15, lines 20-25 and page 16, lines 10-16. This is a small offering transactional exemption from registration under the Securities Act, whereby neither the securities nor the broker-dealer or salesman need be registered in order to engage in the offer or sale of securities if they comply with this section. The additional language is meant to clarify when an offer to sell is made in this state.

Page 19, lines 9 and 10. This section describes the method of registering as a broker-dealer, salesman, or investment advisor under our Act. The current law states that the application is filed with the Securities Commissioner. However, we now have an automated registration system, whereby registration is accomplished in Washington, D.C., by the National Association of Securities Dealers. Therefore, the necessity of filing an application here is no longer necessary.

Page 19, lines 19 and 20. Again, all fees have been placed in §30-10-209. This is a fee for a waiver of the residency requirement for registration of salesmen.

Page 20, lines 24 and 25, and page 21, lines 5 and 7. These changes deal with the central automated registration system again, negating the necessity of filing certain information with the commissioner. It should be noted that for those broker-dealers who are not members of the association which operates the automated system, financial statements are still required to be filed with our department.

Page 27, lines 18-25, and page 28, lines 1 and 2. This subsection has been deleted because the financial data required to be filed with the commissioner is available elsewhere.

Page 28, line 1, and page 29, lines 1-13. When a securities issue is registered with the department, a certain number are registered. Frequently, more than the number registered are sold. The proposed language in this subsection would allow these excess sales but would require the registrant to file an amendment to the registration statement to include the excess sales. If such amendment is not filed before the expiration of the registration order, which is in effect for one year, he must pay a filing fee for the excess sales of three times the normal registration fee. Registration for those excess fees is then made retroactive to the date of the existing registration.

The problem with the excess sales is that these securities are technically not registered and sales are therefore in violation of our act. By this legislation, the commissioner will retroactively register such excess sales made during the period that the registration order is in effect, but will charge a triple fee.

Page 29, lines 14-19, and page 30, lines 1-8. These fees have been eliminated because they cost more to process than they bring in.

Page 30, lines 15 and 16. This language was inadvertently deleted last session when another amendment was made to this section. The Commissioner has always charged $50 for exemption and exception requests because it requires staff time to research the exemption or exception to see if it applies to the person requesting it.

Page 30, lines 17-19. This is a fee that was moved from another section.

Page 30, lines 20-22. This language is taken from the insurance department's fee section 33-2-708. The processing of an application is what costs the department time and money -- not whether the application is granted or not.

Page 31, lines 9-10. This section provides that the Commissioner may issue a temporary cease and desist order that remains in effect until 10 days after any hearing is held. It is the position of the department that the intent was that the temporary order would remain in effect until 10 days after the hearing on the merits of the cease and desist order and not some preliminary hearing. The language has been changed to reflect that position.

RIBI
IMMUNOCHEM
RESEARCH, INC.

P.O. Box 1409
HAMILTON, MONTANA
59840 USA
(406) 363-6214

EXHIBIT 2
BUSINESS & INDUST
February 14, 1985

January 30, 1985

Ms. Andrea Hemstad,
State Auditor
State Auditor's Office
P. O. Box 4009
Helena, MT 59604

Dear Ms. Hemstad:

Congratulations on your election as State Auditor. I am sure that you are extremely busy establishing yourself into the new position, but I did want to take this opportunity to commend you and Rick Tucker on the forward-looking approach you have taken in regard to putting NASDAQ National Market System securities on parity with the other Exchanges.

We here at Ribi ImmunoChem fully support your efforts and offer any assistance we can give in seeing the matter through the current Legislature. This change has been long overdue and will only add benefit to the companies doing business in our state as well as provide a benefit for our citizens.

Keep up the good work. I look forward to meeting you sometime in the near future.

Sincerely,

Nils A. Ribi,
Chief Executive Officer

NAR/m

cc: Mr. Rick Tucker

RECEIVED
STATE AUDITORS
OFFICE
JAN 31 9 59 AM '85
HELENA, MONT.

BANK OF MONTANA
S Y S T E M
P. O. BOX 5100, GREAT FALLS, MONTANA 59403

February 1, 1985.

Mrs. Andrea Bennett, State Auditor
State of Montana
Mitchell Building
P. O. Box 4009
Helena, MT 59604

Dear Mrs. Bennett:

Bank of Montana System supports the Securities Department's proposal that would provide an exemption from registration for NASDAQ/NMS Securities.

We believe this action is long overdue and we commend the Securities Department for its progressive approach.

Very truly yours,

JOSEPH J. FRIEND
Senior Vice President

JJF:emd

cc: Gless Faulkner

LAW OFFICES OF
SMALL, HATCH, DOUBEK & PYFER
LIVERY SQUARE
39 NEILL AVENUE
HELENA MONTANA 59601

TELEPHONE 442-7830
AREA CODE 406

FLOYD O. SMALL
CARL A. HATCH
JOHN C. DOUBEK
RICHARD J. PYFER

RECEIVED
STATE AUDITORS
FEB 11 11 24 AM '85
HELENA, MONT.

February 8, 1985

Ms. Andrea Hemstead
State Auditor/Securities Commissioner
State of Montana
Capitol Complex
Helena, MT 59620

Dear Ms. Hemstead:

It has been brought to my attention that legislation has been proposed which creates a new exemption under Montana's securities statutes for securities listed on the NASDAQ/National Market System.

Considering how intensive and extensive the requirements and standards are for acceptance by the NASDAQ/NMS, the proposed exemption makes sense. In the several states with which I am familiar, satisfying NASDAQ/NMS requirements is more comprehensive and exhaustive than the applicable blue-sky statutes.

In the case of certain of my securities clients, having to additionally satisfy applicable blue-sky statutes would be duplicitious, costly and serve absolutely no justifiable purpose. If the important disclosures and information has already been furnished to NASDAQ/NMS then it makes no sense to build a smaller, weaker wheel (at a cost of anywhere between $5,000 and $20,000) for each of perhaps several states' blue-sky laws.

Thus, the money savings alone will be an incentive to companies interested in selling stock to make one more thorough and better filing (with NASDA/NMS) than several piece-meal state filings. Further, the better quality of filings will serve to protect investors from fraud and save them money as well. More money will be available to companies and concerns to grow and develop, as opposed to paying legal bills and administrative fees.

Much of what I have said appears to be hurting my own pocket-book inasmuch as I do prepare blue-sky submittals. Nevertheless, having seen what can happen to the unwary, unsuspecting investor, I strongly urge that this exemption will go a long way to protect them, and that is really what the securities law, both state and federal, are all about.

Sincerely,

John C. Doubek (NR)
Attorney at Law

JCD/nr

DORSEY & WHITNEY

A Partnership Including Professional Corporations

201 DAVIDSON BUILDING
8 THIRD STREET NORTH
GREAT FALLS, MONTANA 59401
(406) 727-3632

2200 FIRST BANK PLACE EAST
MINNEAPOLIS, MINNESOTA 55402
(612) 340-2600

880 WEST-FIRST NATIONAL BANK BUILDING
ST. PAUL, MINNESOTA 55101
(612) 227-8017

312 FIRST NATIONAL BANK BUILDING
WAYZATA, MINNESOTA 55391
(612) 475-0373

SUITE 675 NORTH
1800 M STREET N. W.
WASHINGTON, D. C. 20036
(202) 296-2780

P. O. BOX 848
340 FIRST NATIONAL BANK BUILDING
ROCHESTER, MINNESOTA 55903
(507) 288-3156

30 RUE LA BOËTIE
75008 PARIS, FRANCE
TEL: (1) 562 32 50

February 1, 1985

JOHN W. MANNING

Ms. Andrea Hemstad Bennett
State Auditor
Room 270
Sam W. Mitchell Building
P. O. Box 4009
Helena, Montana 59604

Mr. Rick Tucker
Montana Securities Department
Room 270
Sam W. Mitchell Building
P. O. Box 4009
Helena, Montana 59604

Dear Andy and Rick:

It has come to my attention that there is legislation in the State Legislature to exempt NASDAQ National Market System securities from registration in Montana. I strongly believe that such an exemption is desirable and would be beneficial to several companies headquartered in Montana.

The NASDAQ system in general, and the National Market System in particular, has developed into a very significant and effective trading market in the past several years. As you know, the NASD regulates its listed companies in much the same manner as the national and regional stock exchanges. Although I am aware of the competition between the exchanges and the National Market System to enlist issuers, I do not believe that there are any good reasons for treating National Market System securities any differently than securities listed on the established exchanges.

Adoption of such an exemption would in my opinion be best accomplished by amending Section 30-10-104(13) of the Montana Securities Act by inserting a few words referring to the NASDAQ National Market System. For the reasons expressed above, I reiterate my support for the adoption of this amendment and urge you to support that legislation.

If you should have any questions with respect to the foregoing, please do not hesitate to contact me.

Very truly yours,

John W. Manning

JWM/mc

FIRST FEDERAL SAVINGS
BANK

RECEIVED
STATE AUDITORS
FEB 11 1 32 PM '85
HELENA, MONT.

February 8, 1985

Ms. Andrea Bennett
State Auditor
Mitchell Building
Helena, MT 59620

Dear Ms. Bennett:

We have recently been advised that your office, representing the Securities Department for the State of Montana, is proposing to introduce a legislative amendment to the Montana Securities Act. It is our understanding this amendment would provide an exemption from certain registration provisions of the Securities Act for securities qualified for trading in the National Market System (NMS) which are listed on the National Association of Securities Dealers Automations Quotations System (NASDAQ).

Presently, certain securities listed on some national securities exchanges are exempt from the registration of the Securities Act, and we understand the proposed amendment would provide a similar exemption to securities traded on NASDAQ/NMS and recognize them as a qualified exchange. We strongly support your office's efforts in this endeavor and it is warranted, as we believe that adequate procedures and controls to protect the investor are equal to other recognized national exchanges. The marketability of the shares and the strength of the companies are equally as strong as companies traded on other exchanges. We further support the issue, as we believe this not only is beneficial to our own recently converted-to-stock company but to other public stock corporations in the State of Montana, as it provides investors with additional current market information and possibly reduces the cost and time to execute orders, which in itself should be beneficial to Montana investors.

If we can be of further assistance to your office in support of this issue via the legislative process, please do not hesitate to contact me.

Sincerely,

F. Charles Mercord
President

FCM: jh

ROCKY MOUNTAIN CAPITAL, LTD.

February 11, 1985

Ms. Andrea Bennett
State Auditor and Ex
Officio Securities Commissioner
P. O. Box 4009
Helena, Montana 59604

Re: Securities Legislation
The NASDAQ/NMS Exemption

Dear Ms. Bennett,

The proposed legislation to create an exemption for securities listed on NASDAQ/NMS is supported by Rocky Mountain Capital. As venture capitalists, we appreciate the need for legislation that facilitates capital formation, and believe such legislation would be an important element in the overall "build Montana" efforts.

Truly yours,

James H. Koessler
President

JHK/cb

RECEIVED
STATE AUDITORS
OFFICE
FEB 13 10 02 AM '85
HELENA, MONT.

315 SECURITIES BUILDING BILLINGS, MONTANA 59101 406/256-1984

Corporate Office
10115 Cabin Creek Road
Shepherd, Montana 59079

(406) 373-5507
(406) 373-6636

Research and Development
5555 Magnatron Boulevard
Suite 1
San Diego, California 92111

(619) 279-4250

Yorkridge Center, Suite K
1850 York Road
Timonium, Maryland 21093

(301) 252-5331
(301) 252-5332

UNITED TOTE

February 4, 1985

Ms. Andrea Bennett
State Auditor
State Capital
Helena, Montana 59601

Dear State Auditor:

We are pleased a bill is being proposed in Montana to equalize the state filing requirements for securities registered with the National Association of Securities Dealers (NASD) on the over-the-counter market.

Currently, companies listed under the New York and American Stock Exchanges are not required to register secondary offerings or issues of stock with the Montana Securities Department.

The proposed bill would give companies listed with NASD the same filing rights as afforded members of the New York and American Stock Exchange.

The bill is an equitable bill which we will support fully. Please give your support to the bill when it is presented in the Montana Legislature.

Sincerely,

Lloyd Shelhamer
President

LS/jj

LUXAN & MURFITT
ATTORNEYS AT LAW

MONTANA CLUB BUILDING • 24 W. SIXTH AVE.
P.O. BOX 1144 • HELENA, MONTANA 59624
(406) 442-7450

RECEIVED
STATE AUDITORS
OFFICE
FEB 5 9 26 AM '05
HELENA, MONT.

H.J. LUXAN (1918-1984)
WALTER S. MURFITT
MICHAEL J. MULRONEY
GARY L. DAVIS
TERRY B. COSGROVE
DALE E. REAGOR
PATRICK E. MELBY
MICHAEL J. RIELEY

February 4, 1985

Andrea "Andy" Bennett
State Auditor and
Ex Officio Securities Commission
P.O. Box 4009
Helena, MT 59604

Re: Proposal Amendment to 30-10-104(13) MCA

Dear Commissioner Bennett:

I am a Montana lawyer with a substantial practice in securities law.

The purpose of this letter is to express my strong support for your proposed amendment to 30-10-104(13) MCA which would allow an exemption from registration in the State of Montana to securities which are part of the NASDQ National Market System (NASDQ/NMS).

While I have a number of reasons as a practicing securities attorney for support of this amendment my primary reasons are:

(1) Such an amendment would facilitate the raising of capital and thereby encourage economic development in our state.

(2) Securities eligible to become listed on NASDQ/NMS must meet certain qualitative critera established by the Securities and Exchange Commission and therefore citizens of Montana will not be encouraged or exposed to fraudulent investments as a result of investment in such exempted securities.

(3) The workload of your already burdened office will be lessened.

(4) A large number of other states have adopted this amendment to eliminate duplicative filing requirements, achieve the above listed benefits and additional benefits associated with modern computer technology.

Please feel free to introduce this letter to the legislature to demonstrate my support.

Sincerely yours,

MICHAEL J. MULRONEY

for LUXAN & MURFITT

MJM/ds
cc: Doug James, Esq.

William A. Brodin

ATTORNEY AT LAW
ONE TEN WEST PARK AVENUE
P.O. BOX 1397
ANACONDA, MONTANA 59711-1397

TELEPHONE (406) 563-8412

RECEIVED
STATE AUDITOR'S
OFFICE
FEB 11 | 21 PM '85
HELENA, MONT.

February 8, 1985

Honorable Andrea Bennett
State Auditor
and Ex Officio Securities Commissioner
P.O. Box 4009
Helena, MT 59604

Dear Mrs. Bennett:

It has just come to my attention that a bill is to be introduced in this legislative session, with the blessings of the State Securities Department, to allow for an exemption under the Securities Act for securities listed on the NASDAQ/National Market System. I am most interested in this legislation as I feel it will greatly benefit the future economic growth of the State, and offers no new risk.

As you are well aware, such exemption has, for years, been granted to other exchange listings. NASDAQ has proved its reliability, by its regulation of NASD member firms and the built-in protections afforded to investors. It seems only fair and equitable that such exemption should be allowed NASDAQ/National Market System.

A further fact however, is the assistance it would provide to Montana entrepreneurs. As General Counsel to Ribi Immunochem Research, Inc., I have been closely affiliated with and respectful of the NASD system. To have had the exemptions as proposed, would have greatly aided our company in its early financing and it would assist Montana companies seeking capital expansion in the future. This exemption is presently offered in many of the States of this Country and hopefully the exemption will soon be the law of this State.

Further, I am unable to appreciate why anyone would be legitimately opposed to extending this exemption to NASDAQ/National Market System, as it appears beneficial to all of Montana for any entrapraneural development that will or may take place. The granting of such exemption does not create an undue disadvantage to the jeopardy of any of the existing named exchanges which already have the benefit of the exemption.

I do therefore most sincerely congratulate your office for proposing such legislation, and I offer my wholehearted support and cooperation. Should I be able to be of service in this regard, please feel free to call on me.

Yours truly,

William A. Brolin

WAB/mf

cc. Doug James

ROBERT K. OGG
ATTORNEY AT LAW
100 SECOND ST. EAST
SUITE 207
WHITEFISH, MONTANA 59937
(406) 862-7761

February 8, 1985

Andrea Bennett
State Auditor
and Ex Officio Securities Commissioner
P.O. Box 4009
Helena, Montana 59604

Dear Ms. Bennett:

I am writing this letter to express my support for the proposed exemption under the Montana Securities Act for securities listed on the NASDAQ National Market System. As a securities attorney I try to keep abreast of developments concerning securities registration and exemptions. As I am sure you are aware, there are stringent requirements for listing of a company's stock on the NASDAQ National Market System. Of course, all NMS companies are also reporting companies under the Securities Exchange Act of 1934, as amended, and as such are required to meet certain reporting requirements to remain on NASDAQ.

The approval of this exemption could help to dispel the backwoods image of Montana and its business climate. Without this kind of forward thinking business legislation, Montana is apt to remain in the backwaters of the stream of national commerce. This exemption would be one step of many that should be taken to move Montana into the United States of America that exists in the 1980's.

Sincerely,

Robert K. Ogg

Robert K. Ogg

RKO/cb
Encl.
cc: Doug James

RECEIVED
STATE AUDITORS
OFFICE
FEB 11 10 01 AM '85
HELENA, MONT.

LAW OFFICES

MOULTON, BELLINGHAM, LONGO & MATHER, P. C.

SECURITIES BUILDING

BILLINGS, MONTANA 59103

WM. H. BELLINGHAM
BERNARD E. LONGO
W. S. MATHER
WARD SWANSER
BRENT R. CROMLEY
GERALD B. MURPHY
RANDY H. BELLINGHAM
ROBERT H. PRIGGE
SIDNEY R. THOMAS
GREGORY G. MURPHY
WILLIAM A. FORSYTHE
DOUG JAMES
BRAD H. ANDERSON
THOMAS E. SMITH

TELEPHONE 248-7731
AREA CODE 406

P. O. BOX 2545

FREDRIC D. MOULTON
OF COUNSEL

February 8, 1985

RECEIVED
STATE AUDITORS
OFFICE
FEB 11 10 02 AM '85
HELENA, MONT.

Ms. Andrea Bennett
State Auditor and
Ex Officio Securities Commissioner
P. O. Box 4009
Helena, Montana 59604

Re: Securities Legislation
The NASDAQ/NMS Exemption

Dear Andy:

I am writing to express my support for your proposal to amend Section 30-10-104(13), MCA, of the Securities Act of Montana to create an exemption for securities listed on the National Association of Securities Dealers Automated Quotation System's/National Market System (NASDAQ/NMS). This exemption will benefit Montana business as well as investors.

Your proposal to create an exemption for securities listed on NASDAQ/NMS will remove a great inequity that currently exists in our Securities Act. When the Securities Act of Montana was adopted in 1961, the Securities Act provided an exemption from registration for securities listed on the major national exchanges. In 1961, NASDAQ/NMS didn't exist. Yet, today, NASDAQ/NMS is in every respect, the electronic equivalent of the traditional stock exchange. Although the exchanges and NASDAQ/NMS are essentially equal, our Securities Act presently requires securities listed on NASDAQ/NMS to be registered, while exempting securities listed on the various exchanges. Your proposal eliminates this inequity. Your proposal provides the common sense solution of simply giving securities listed on NASDAQ/NMS the same exemption status of securities listed on the various exchanges. This legislation is nothing new. It simply eliminates the inequities that have developed because of the technological revolution in the securities industry.

I believe that only one or two Montana firms are listed on the American Stock Exchange. Already, five Montana firms are listed or approved for listing on NASDAQ/NMS. The Montana firms are: Bank of Montana Systems; First Federal Savings Bank of Montana; Ribi Immunochem Research, Inc.; United States Antimony Corporation; and United Tote, Inc. NASDAQ/NMS will give Montana businesses greater visibility, which will give them

greater market depth, and make it easier for them to raise additional funds by selling their securities. Investors win, because information on NASDAQ/NMS listed securities is disbursed rapidly and broadly, making it possible for investers to make more informed decisions.

The National Association of Securities Dealers Automated Quotation System (NASDAQ) was started in 1971. Since then, it has won a major share of the OTC market. On August 3, 1984, the daily trading volume on NASDAQ reached 122 million shares. There are over 120,000 terminals that can instantaneously receive quotations on NASDAQ listed securities.

The NASDAQ/NMS is a segiment of NASDAQ reserved for certain high quality securities. Securities become listed on NASDAQ/NMS by meeting the strict criteria established by the Securities and Exchange Commission. The listing requirements for NASDAQ/NMS are equal to and in some cases actually higher than the listing requirements of the various exchanges. NASDAQ/NMS listed securities are also subject to the SEC and the NASD disclosure and reporting requirements, which are aimed at ensuring that the public is provided with all material information. The NASDAQ/NMS is the electronic equivalent of the traditional stock exchange.

The NASDAQ/NMS will make it considerably easier for Montana firms to develop a national reputation and to create a national market for their securities. The NASD is seeking an exemption to NASDAQ/NMS throughout the country. I believe that securities listed on NASDAQ/NMS are currently exempt from registration in: Colorado, Connecticut, District of Columbia, Florida, Hawaii, Kansas, New Jersey, New York, New Hampshire, Nevada, Oregon, Pennsylvania, and Utah. Additionally, Georgia recently adopted a new exemption for NASDAQ/NMS listed securities. When Georgia adopted the NASDAQ/NMS exemption, the Georgia Secretary of State noted that:

> There are many benefits that will result from this decision. It will:
>
> 1. Facilitate the raising of capital, thereby encouraging economic development;
>
> 2. Eliminate duplicative filing requirements and reduce the regulatory burden on legitimate industry;
>
> 3. Allow a more efficient use of our scarce state resources by letting us concentrate on the enforcement provisions of our securities law to investigate and prosecute those who sell fraudulent securities to our citizenry; and
>
> 4. Continue my theme of encouraging economic development by providing a business regulatory program that protects our citizens without an undue burden on legitimate industry. This makes Georgia an attractive environment for business development . . . (emphasis added.)

As the Georgia Secretary of State noted, there are many benefits to adopting a NASDAQ/NMS exemption. Each of his listed reasons is applicable in Montana. I cannot think of any reason why Montana should not adopt a NASDAQ/NMS exemption. It is the logical and efficient transition to the computer age. Montana will not lose any revenue by adopting this exemption. Additionally, the exemption is not going to open a door for securities fraud.

The NASDAQ/NMS exemption will benefit Montana businesses and consumers. This exemption will also subject the traditional stock exchanges to greater competition. Understandably, some of the exchanges are lobbying against this exemption, and against greater competition in the market place. What's best for New York is not necessarily what's best for Montana investors and Montana businesses.

I support your proposal to create a NASDAQ/NMS exemption without qualification. It is clearly in the best interests of Montana consumers and businesses to adopt this legislation.

Sincerely,

MOULTON, BELLINGHAM, LONGO
& MATHER, P.C.

By _____
Doug James

DJ:pi

EXHIBIT 3
BUSINESS & INDUSTRY
February 14, 1985

DORSEY & WHITNEY

A Partnership Including Professional Corporations

201 DAVIDSON BUILDING
8 THIRD STREET NORTH
GREAT FALLS, MONTANA 59401
(406) 727-3632

2200 FIRST BANK PLACE EAST
MINNEAPOLIS, MINNESOTA 55402
(612) 340-2600

880 WEST-FIRST NATIONAL BANK BUILDING
ST. PAUL, MINNESOTA 55101
(612) 227-8017

312 FIRST NATIONAL BANK BUILDING
WAYZATA, MINNESOTA 55391
(612) 475-0373

SUITE 675 NORTH
1800 M STREET N.W.
WASHINGTON, D.C. 20036
(202) 296-2780

P.O. BOX 848
340 FIRST NATIONAL BANK BUILDING
ROCHESTER, MINNESOTA 55903
(507) 288-3156

30 RUE LA BOETIE
75008 PARIS, FRANCE
TEL: (1) 562 32 50

February 1, 1985

JOHN W. MANNING

Ms. Andrea Hemstad Bennett
State Auditor
Room 270
Sam W. Mitchell Building
P. O. Box 4009
Helena, Montana 59604

Mr. Rick Tucker
Montana Securities Department
Room 270
Sam W. Mitchell Building
P. O. Box 4009
Helena, Montana 59604

Dear Andy and Rick:

It has come to my attention that there is legislation in the State Legislature to exempt NASDAQ National Market System securities from registration in Montana. I strongly believe that such an exemption is desirable and would be beneficial to several companies headquartered in Montana.

The NASDAQ system in general, and the National Market System in particular, has developed into a very significant and effective trading market in the past several years. As you know, the NASD regulates its listed companies in much the same manner as the national and regional stock exchanges. Although I am aware of the competition between the exchanges and the National Market System to enlist issuers, I do not believe that there are any good reasons for treating National Market System securities any differently than securities listed on the established exchanges.

Adoption of such an exemption would in my opinion be best accomplished by amending Section 30-10-104(13) of the Montana Securities Act by inserting a few words referring to the NASDAQ National Market System. For the reasons expressed above, I reiterate my support for the adoption of this amendment and urge you to support that legislation.

If you should have any questions with respect to the foregoing, please do not hesitate to contact me.

Very truly yours,

John W. Manning

JWM/mc
bcc: Doug James

Montana Bancsystem, Inc.
400 Securities Building
Billings, Montana 59101
Telephone
(406) 248-363

February 11, 1985

Andrea Bennett
State Auditor and
Ex Officio Securities Commissioner
P. O. Box 4009
Helena, MT 59604

Dear Ms. Bennett:

We ask for your support of legislation to be proposed in this session which would create a registration exemption under Montana Securities Laws for firms whose securities are listed on the NASDAQ National Market System. As you know, listing with NASDAQ/ NMS is the functional equivalent of a listing with one of the other major stock exchanges (ie. New York or American Stock Exchange).

I am an attorney practicing in the securities field, and a Montanan closely involved in business throughout the state. This proposed exemption would benefit business without minimizing in any way, the protections afforded Montanans by the Securities Laws.

Thank you for your consideration of this matter.

Very truly yours,

Mark D. Safty General Counsel
and Secretary

CC: Doug James

MDS:lkp

FAULKNER 217185

BANK OF MONTANA
S Y S T E M
P. O. BOX 5100, GREAT FALLS, MONTANA 59403

February 1, 1985.

Mrs. Andrea Bennett, State Auditor
State of Montana
Mitchell Building
P. O. Box 4009
Helena, MT 59604

Dear Mrs. Bennett:

Bank of Montana System supports the Securities Department's proposal that would provide an exemption from registration for NASDAQ/NMS Securities.

We believe this action is long overdue and we commend the Securities Department for its progressive approach.

Very truly yours,

JOSEPH J. FRIEND
Senior Vice President

JJF:emd

cc: Gless Faulkner

First Bank — Billings
Suite 401
Billings, Montana 591[illegible]
406/252-2106

Piper, Jaffray & Hopwood
INCORPORATED

Established 1895 Member New York Stock Exchange, Inc.

February 4, 1985

Andrea Bennett
State Auditor
Mitchell Building
P. O. Box 4009
Helena, Montana 59604

Dear Mrs. Bennett:

We support the NASD's effort to secure a NASDQ National Market System Exemption under Montana's securities law. Why the sudden interest from outsiders in New York? Could it be to keep the monopoly in the jobs on Wall Street? If there is anything we could do to assist you with your proposed legislation, please let me know.

Sincerely,

Lawrence C. VanAtta
Branch Manager/Vice President

FAULKNER 2/4/85

RIBI
IMMUNOCHEM
RESEARCH, INC.

P.O. Box 1409
HAMILTON, MONTANA
59840 USA
(406) 363-6214

January 30, 1985

Ms. Andrea Hemstad,
State Auditor
State Auditor's Office
P. O. Box 4009
Helena, MT 59604

Dear Ms. Hemstad:

Congratulations on your election as State Auditor. I am sure that you are extremely busy establishing yourself into the new position, but I did want to take this opportunity to commend you and Rick Tucker on the forward-looking approach you have taken in regard to putting NASDAQ National Market System securities on parity with the other Exchanges.

We here at Ribi ImmunoChem fully support your efforts and offer any assistance we can give in seeing the matter through the current Legislature. This change has been long overdue and will only add benefit to the companies doing business in our state as well as provide a benefit for our citizens.

Keep up the good work. I look forward to meeting you sometime in the near future.

Sincerely,

Nils A. Ribi,
Chief Executive Officer

NAR/m

cc: Mr. Rick Tucker

ROCKY MOUNTAIN CAPITAL, LTD.

February 11, 1985

Ms. Andrea Bennett
State Auditor and Ex
Officio Securities Commissioner
P. O. Box 4009
Helena, Montana 59604

Re: Securities Legislation
The NASDAQ/NMS Exemption

Dear Ms. Bennett,

The proposed legislation to create an exemption for securities listed on NASDAQ/NMS is supported by Rocky Mountain Capital. As venture capitalists, we appreciate the need for legislation that facilitates capital formation, and believe such legislation would be an important element in the overall "build Montana" efforts.

Truly yours,

James H. Koessler
President

JHK/cb

315 SECURITIES BUILDING BILLINGS, MONTANA 59101 406/256-1984

William A. Brolin

ATTORNEY AT LAW
ONE TEN WEST PARK AVENUE
P.O. Box 1397
ANACONDA, MONTANA 59711-1397

TELEPHONE (406) 563-8412

February 8, 1985

Honorable Andrea Bennett
State Auditor
and Ex Officio Securities Commissioner
P.O. Box 4009
Helena, MT 59604

Dear Mrs. Bennett:

It has just come to my attention that a bill is to be introduced in this legislative session, with the blessings of the State Securities Department, to allow for an exemption under the Securities Act for securities listed on the NASDAQ/National Market System. I am most interested in this legislation as I feel it will greatly benefit the future economic growth of the State, and offers no new risk.

As you are well aware, such exemption has, for years, been granted to other exchange listings. NASDAQ has proved its reliability, by its regulation of NASD member firms and the built-in protections afforded to investors. It seems only fair and equitable that such exemption should be allowed NASDAQ/National Market System.

A further fact however, is the assistance it would provide to Montana entrepreneurs. As General Counsel to Ribi Immunochem Research, Inc., I have been closely affiliated with and respectful of the NASD system. To have had the exemptions as proposed, would have greatly aided our company in its early financing and it would assist Montana companies seeking capital expansion in the future. This exemption is presently offered in many of the States of this Country and hopefully the exemption will soon be the law of this State.

Further, I am unable to appreciate why anyone would be legitimately opposed to extending this exemption to NASDAQ/National Market System, as it appears beneficial to all of Montana for any entrapraneural development that will or may take place. The granting of such exemption does not create an undue disadvantage to the jeopardy of any of the existing named exchanges which already have the benefit of the exemption.

I do therefore most sincerely congratulate your office for proposing such legislation, and I offer my wholehearted support and cooperation. Should I be able to be of service in this regard, please feel free to call on me.

Yours truly,

William A. Brolin

WAB/mf

cc. Doug James

ROBERT K. OGG
ATTORNEY AT LAW
100 SECOND ST. EAST
SUITE 207
WHITEFISH, MONTANA 59937
(406) 862 ..31

February 8, 1985

Andrea Bennett
State Auditor
and Ex Officio Securities Commissioner
P.O. Box 4009
Helena, Montana 59604

Dear Ms. Bennett:

I am writing this letter to express my support for the proposed exemption under the Montana Securities Act for securities listed on the NASDAQ National Market System. As a securities attorney I try to keep abreast of developments concerning securities registration and exemptions. As I am sure you are aware, there are stringent requirements for listing of a company's stock on the NASDAQ National Market System. Of course, all NMS companies are also reporting companies under the Securities Exchange Act of 1934, as amended, and as such are required to meet certain reporting requirements to remain on NASDAQ.

The approval of this exemption could help to dispel the backwoods image of Montana and its business climate. Without this kind of forward thinking business legislation, Montana is apt to remain in the backwaters of the stream of national commerce. This exemption would be one step of many that should be taken to move Montana into the United States of America that exists in the 1980's.

Sincerely,

Robert K. Ogg

Robert K. Ogg

RKO/cb
Encl.
cc: Doug James

TELEPHONE 442-7830
AREA CODE 406

LAW OFFICES OF
SMALL, HATCH, DOUBEK & PYFER
LIVERY SQUARE
39 NEILL AVENUE
HELENA, MONTANA 59601

FLOYD O. SMALL
CARL A. HATCH
JOHN C. DOUBEK
RICHARD J. PYFER

February 8, 1985

Ms. Andrea Hemstead
State Auditor/Securities Commissioner
State of Montana
Capitol Complex
Helena, MT 59620

COPY

Dear Ms. Hemstead:

It has been brought to my attention that legislation has been proposed which creates a new exemption under Montana's securities statutes for securities listed on the NASDAQ/National Market System.

Considering how intensive and extensive the requirements and standards are for acceptance by the NASDAQ/NMS, the proposed exemption makes sense. In the several states with which I am familiar, satisfying NASDAQ/NMS requirements is more comprehensive and exhaustive than the applicable blue-sky statutes.

In the case of certain of my securities clients, having to additionally satisfy applicable blue-sky statutes would be duplicitious, costly and serve absolutely no justifiable purpose. If the important disclosures and information has already been furnished to NASDAQ/NMS then it makes no sense to build a smaller, weaker wheel (at a cost of anywhere between $5,000 and $20,000) for each of perhaps several states' blue-sky laws.

Thus, the money savings alone will be an incentive to companies interested in selling stock to make one more thorough and better filing (with NASDA/NMS) than several piece-meal state filings. Further, the better quality of filings will serve to protect investors from fraud and save them money as well. More money will be available to companies and concerns to grow and develop, as opposed to paying legal bills and administrative fees.

Much of what I have said appears to be hurting my own pocket-book inasmuch as I do prepare blue-sky submittals. Nevertheless, having seen what can happen to the unwary, unsuspecting investor, I strongly urge that this exemption will go a long way to protect them, and that is really what the securities law, both state and federal, are all about.

Sincerely,

John C. Doubek
Attorney at Law

JCD/nr

LAW OFFICES

MOULTON, BELLINGHAM, LONGO & MATHER, P. C.

SECURITIES BUILDING

BILLINGS, MONTANA 59103

WM. H. BELLINGHAM
BERNARD E. LONGO
W. S. MATHER
WARD SWANSER
BRENT R. CROMLEY
GERALD B. MURPHY
RANDY H. BELLINGHAM
ROBERT H. PRIGGE
SIDNEY R. THOMAS
GREGORY G. MURPHY
WILLIAM A. FORSYTHE
DOUG JAMES
BRAD H. ANDERSON
THOMAS E. SMITH

TELEPHONE 248-7733
AREA CODE 406

P. O. BOX 2349

FREDRIC D. MOULTON
OF COUNSEL

February 8, 1985

Ms. Andrea Bennett
State Auditor and
Ex Officio Securities Commissioner
P. O. Box 4009
Helena, Montana 59604

Re: Securities Legislation
The NASDAQ/NMS Exemption

Dear Andy:

I am writing to express my support for your proposal to amend Section 30-10-104(13), MCA, of the Securities Act of Montana to create an exemption for securities listed on the National Association of Securities Dealers Automated Quotation System's/National Market System (NASDAQ/NMS). This exemption will benefit Montana business as well as investors.

Your proposal to create an exemption for securities listed on NASDAQ/NMS will remove a great inequity that currently exists in our Securities Act. When the Securities Act of Montana was adopted in 1961, the Securities Act provided an exemption from registration for securities listed on the major national exchanges. In 1961, NASDAQ/NMS didn't exist. Yet, today, NASDAQ/NMS is in every respect, the electronic equivalent of the traditional stock exchange. Although the exchanges and NASDAQ/NMS are essentially equal, our Securities Act presently requires securities listed on NASDAQ/NMS to be registered, while exempting securities listed on the various exchanges. Your proposal eliminates this inequity. Your proposal provides the common sense solution of simply giving securities listed on NASDAQ/NMS the same exemption status of securities listed on the various exchanges. This legislation is nothing new. It simply eliminates the inequities that have developed because of the technological revolution in the securities industry.

I believe that only one or two Montana firms are listed on the American Stock Exchange. Already, five Montana firms are listed or approved for listing on NASDAQ/NMS. The Montana firms are: Bank of Montana Systems; First Federal Savings Bank of Montana; Ribi Immunochem Research, Inc.; United States Antimony Corporation; and United Tote, Inc. NASDAQ/NMS will give Montana businesses greater visibility, which will give them

greater market depth, and make it easier for them to raise additional funds by selling their securities. Investors win, because information on NASDAQ/NMS listed securities is disbursed rapidly and broadly, making it possible for investers to make more informed decisions.

The National Association of Securities Dealers Automated Quotation System (NASDAQ) was started in 1971. Since then, it has won a major share of the OTC market. On August 3, 1984, the daily trading volume on NASDAQ reached 122 million shares. There are over 120,000 terminals that can instantaneously receive quotations on NASDAQ listed securities.

The NASDAQ/NMS is a segiment of NASDAQ reserved for certain high quality securities. Securities become listed on NASDAQ/NMS by meeting the strict criteria established by the Securities and Exchange Commission. The listing requirements for NASDAQ/NMS are equal to and in some cases actually higher than the listing requirements of the various exchanges. NASDAQ/NMS listed securities are also subject to the SEC and the NASD disclosure and reporting requirements, which are aimed at ensuring that the public is provided with all material information. The NASDAQ/NMS is the electronic equivalent of the traditional stock exchange.

The NASDAQ/NMS will make it considerably easier for Montana firms to develop a national reputation and to create a national market for their securities. The NASD is seeking an exemption to NASDAQ/NMS throughout the country. I believe that securities listed on NASDAQ/NMS are currently exempt from registration in: Colorado, Connecticut, District of Columbia, Florida, Hawaii, Kansas, New Jersey, New York, New Hampshire, Nevada, Oregon, Pennsylvania, and Utah. Additionally, Georgia recently adopted a new exemption for NASDAQ/NMS listed securities. When Georgia adopted the NASDAQ/NMS exemption, the Georgia Secretary of State noted that:

> There are many benefits that will result from this decision. It will:
>
> 1. Facilitate the raising of capital, thereby encouraging economic development;
>
> 2. Eliminate duplicative filing requirements and reduce the regulatory burden on legitimate industry;
>
> 3. Allow a more efficient use of our scarce state resources by letting us concentrate on the enforcement provisions of our securities law to investigate and prosecute those who sell fraudulent securities to our citizenry; and
>
> 4. Continue my theme of encouraging economic development by providing a business regulatory program that protects our citizens without an undue burden on legitimate industry. This makes Georgia an attractive environment for business development . . . (emphasis added.)

As the Georgia Secretary of State noted, there are many benefits to adopting a NASDAQ/NMS exemption. Each of his listed reasons is applicable in Montana. I cannot think of any reason why Montana should not adopt a NASDAQ/NMS exemption. It is the logical and efficient transition to the computer age. Montana will not lose any revenue by adopting this exemption. Additionally, the exemption is not going to open a door for securities fraud.

The NASDAQ/NMS exemption will benefit Montana businesses and consumers. This exemption will also subject the traditional stock exchanges to greater competition. Understandably, some of the exchanges are lobbying against this exemption, and against greater competition in the market place. What's best for New York is not necessarily what's best for Montana investors and Montana businesses.

I support your proposal to create a NASDAQ/NMS exemption without qualification. It is clearly in the best interests of Montana consumers and businesses to adopt this legislation.

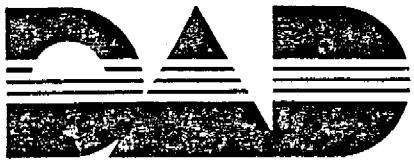
Sincerely,

MOULTON, BELLINGHAM, LONGO
& MATHER, P.C.

By _____
Doug James

DJ:pi

bc: Doug James



An investment firm you like to tell your friends about.

February 4, 1985

D.A. Davidson & Co.
Incorporated

Davidson Building
P.O. Box 5015
Great Falls, Montana
59403

(406) 727-4200

Offices: Billings, Bozeman, Butte, Havre, Helena, Kalisp Missoula, Montana; Williston, North Dako Moscow, Idaho

Corporate Office:
Davidson Building
Great Falls,
Montana 59401

Members:
Midwest Stock Exchange Inc.
Pacific Stock Exchange Inc.
Securities Investor Protection Corp.

Ms. Andrea Bennett
State Auditor
Mitchell Building
Helena, Montana 59620

RE: Proposed Amendment to State Securities Laws

Dear Ms. Bennett:

It has come to our attention that your office, as ex officio Securities Commissioner for the State of Montana, is contemplating an amendment to the Securities Act of Montana (the "Act") which would provide an exemption from the registration provisions of the Act for all securities designated as qualified for trading in the National Market System ("NMS") which are listed or approved for listing upon notice of issuance on the National Association of Securities Dealers Automated Quotation System (NASDAQ). D.A. Davidson & Co. strongly endorses the efforts of your office to effectuate such an amendment.

At the present time securities listed on certain national securities exchanges, specifically the New York, American, Pacific and Midwest Exchanges, are exempt from the registration requirements of the Act. The proposed amendment would provide a similar exemption to securities traded on NASDAQ/NMS and recognize NASDAQ/NMS as a qualified national exchange. We believe that such treatment and recognition is warranted since adequate procedures and controls are in place for the protection of investors equal to those on other recognized national exchanges. Further, NASDAQ/NMS provides investors with current market information similar to national exchange listed stocks, rapid execution of orders and execution costs which on average are 10% less than the cost of executing similar orders on other exchanges.

While we support the basic concept of the proposed amendment, we would like to suggest certain modifications to the draft legislation we have reviewed. The modifications would be as follows:

(1) Instead of a separate sub-section under MCA Section 30-10-104 providing an exemption for NASDAQ/NMS we would suggest inclusion of NASDAQ/NMS as an approved exchange under existing MCA Section 30-10-104(13).

(2) We suggest that only those stocks that are actually listed on NASDAQ/NMS be exempt rather than those that are approved for listing.

(3) We do not favor the additional language contained in the draft which would permit revocation or denial of the NASDAQ/NMS exemption or of the exchange exemptions as presently contained in MCA Section 30-10-104(13). The basis for this language is currently found in the transactional exemptions permitted by

MCA Section 30-10-105. It is appropriate to grant the Commissioner the authority to strip abusive securities of the cloak of the transactional exemption when the public interest requires the removal of such an exemption. To permit the unilateral revocation of an exemption in cases where the character of the security itself has resulted in the granting of an exemption by the Legislature would result in an incongruity in the law which does not coincide with the total scheme of securities regulation.

There are other modifications within the draft which we would favor but which do not directly relate to the NASDAQ/NMS exemption and therefore are beyond the scope of this letter. We would, however, appreciate an opportunity to review this proposed legislation with you and your staff.

Thank you for your attention to these matters. If you or any of your staff have any questions concerning these comments please do not hesitate to give us a call.

With best regards.

Sincerely,

Bruce A. MacKenzie
General Counsel

BAM:lkh

cc: Kim Schulke
Rick Tucker

bc: Doug James

An investment firm you like to tell your friends about.

D.A. Davidson & Co.
Incorporated
Davidson Building
P.O. Box 5015
Great Falls, Montana
59403
(406) 727-4200
Offices: Billings, Bozeman, Butte, Havre, Helena, Kalis Missoula, Montana; Williston, North Dak Moscow, Idaho
Corporate Office:
Davidson Building
Great Falls,
Montana 59401
Members:
Midwest Stock Exchange Inc.
Pacific Stock Exchange Inc.
Securities Investor Protection Corp.

February 7, 1985

Ms. Andrea Bennett
State Auditor
Mitchell Building
Helena, Montana 59620

RE: Proposed Amendment to State Securities Laws

Dear Ms. Bennett:

Thank you for taking the time to meet with Doug James and me concerning the proposed amendment to the Securities Act of Montana. This letter will confirm our conversation in which I indicated my consent for the Department to use my letter dated February 4, 1985, supporting the NASDAQ/NMS exemption during the legislative hearings on this particular legislation.

As I indicated to you in our conversation, however, my letter of February 4 contains three (3) proposed modifications to the legislation. After further consideration and discussions with your staff, the second modification I proposed in that letter which requested that only those stocks that are actually listed on NASDAQ/NMS be exempt rather than those that are approved for listing would be an ill-advised and inappropriate modification. I would appreciate it if you would attach a copy of this letter to the letter of February 4, 1985, clarifying D.A. Davidson & Co.'s position.

Thank you again for your attention to this matter. If you have any questions or if I can be of any further assistance please do not hesitate to contact this office.

With best regards.

Sincerely,

Bruce A. MacKenzie
General Counsel

cc: Rick Tucker

WASHINGTON BUSINESS JOURNAL December 17, 1984

NASDAQ given equal footing

By Jean Nolan

One thing that has always irked NASDAQ, the Washington-based National Association of Securities Dealers Automated Quotation market for over-the-counter stock trading, is that it has never been treated in the same way as the New York and American stock exchanges.

For example, securities offered or sold in the United States must be registered for sale with the individual states and the District in addition to being registered with the federal Securities and Exchange Commission. While all NYSE and AMEX stocks are automatically granted state certification, companies traded on NASDAQ must follow a costly and time-consuming process to register in each state. "We have a discrimination issue," says Ray Cocchi, vice president of congressional and state liaisons for NASDAQ.

However, the "discrimation" against NASDAQ will end in the state of Georgia as of Jan. 1, 1985, and it appears other states soon will follow suit.

Two weeks ago Georgia Secretary of State Max Cleland, in his role as the state's commissioner of securities, signed an order exempting securities of NASDAQ National Market Systems (NMS) companies from additional qualification procedures. That means NMS companies are automatically eligible for sale in Georgia, an action that grants NASDAQ parity with the New York and American stock exchanges.

"We are very pleased by this far-sighted move and hope the securities commissioners of the other 49 states will follow Georgia's lead in simplifying securities registration procedures," says Gordon Macklin, president of the National Association of Securities Dealers.

Stocks that make up NASDAQ's National Market System represent the "creme de la creme," of NASDAQ stocks, Cocchi says. Of the more than 4,000 NASDAQ stocks, those that meet rigid admission standards of market value, net income, minimum bid price and size of the stock float are placed on the NMS. So far, there are about 1,100 NMS stocks and a recent SEC ruling should expand the total to 2,500 issues.

NASDAQ has received written confirmation from Montana that it is about to follow the same procedure as Georgia, says Cocchi. To date, NASDAQ has held discussions regarding qualification procedures with these two states as well as California, Texas and Ohio—the three states with the toughest eligibility requirements, Cocchi says.

The tough requirements of individual states deter some companies from registering their NASDAQ stocks there. "There are companies that deliberately avoid certain states because they have to jump through hoops. It isn't worth the time, cost and frustration," Cocchi says.

Georgia's decision to grant NASDAQ issues parity with their counterparts on the New York and American exchanges was predicated on the amount of information and the standards NASDAQ uses to qualify companies for its national market list, according to Cleland.

For NASDAQ companies that are not part of the National Market System, Cleland says that after Jan. 1 the National Association of Securities Dealers will be in charge of processing registration applications on behalf of Georgia, a procedure that already is followed in the other 49 states, the District and Puerto Rico. ■

Reprinted by permission from *The News Tribune* (Tacoma, Washington)

Thursday, November 29, 1984. © 1984.

NASDAQ delivers a solid punch to established stock exchanges

Researchers say computerized trading floor aids liquidity of issues

By JOHN CUNNIFF
AP Business Analyst

Business Mirror

NEW YORK — For years, the proudest boast of the New York and American stock exchanges was that they offered the greatest liquidity, or ability to find buyers and sellers for stocks at the best prices possible.

Companies liked that, because it exposed their shares to the greatest number of potential buyers and kept prices from wild gyrations. Buyers and sellers liked it for much the same reasons.

But the claim, once accepted as a given, now is being disputed, most recently by two Texas A&M University researchers who report their findings in the winter edition of *The Journal of Financial Research*.

"The results presented in this study indicate a marked decline in liquidity for securities moving from the over-the-counter market to either of the organized exchanges," said researchers David Dubofsky and John Groth.

Such a claim comes like a punch in the nose to organized stock exchanges, but it isn't the first blow.

Earlier research at the same university reached a somewhat similar conclusion. And members of "organized exchanges" themselves have commented on what they see as a developing problem with liquidity.

Moreover, over the past few years both the New York and American exchanges have had problems in finding growing companies that are eager to list their shares for trading, and liquidity is often cited as one of the reasons why.

What seems like a blow to organized exchanges, however, seems more like a caress to NASDAQ, a relatively new force made up of what used to be called the over-the-counter market and whose "trading floor" is a computer screen.

NASDAQ — an acronym for National Association of Securities Dealers Automated Quotation System — is especially pleased at the reason for liquidity differences that were offered by Dubofsky and Groth.

"The most logical reason for greater OTC liquidity," the authors state in the journal, "is the different market-making mechanisms."

The mechanism of the two largest organized exchanges funnel all buy and sell orders through brokers to the floor where, when a mismatch of orders develops, a specialist steps in and buys or sells for his own account.

Critics often have claimed over the years that the specialist can be viewed as a monopolist, since he has enormous price-setting powers over the stocks in which he specializes. It is a criticism that has plagued the exchanges.

The many specialists on the floor, each making a market in a limited numbers of stocks, also have risky, highly responsible jobs, since they may be compelled to buy against the order flow if the market is to move smoothly.

NASDAQ, however, has neither specialists nor trading floors. Instead, it has more than 400 competing dealers or market makers across the country, who maintain an inventory of certain stocks they are willing to buy or sell.

For some NASDAQ companies, such as MCI Communications, there are more than 30 competing traders, each offering what they feel is the best price, and all available to a broker in his or her office, displayed on a video screen.

Overall, the NASDAQ market is a vast computerized network linking brokers and dealers across the country and in Europe, with competitive bids and offers for shares being displayed in thousands of offices.

It is this system that Dubofsky and Groth refer to when they write that "Competing dealers in OTC securities may provide more continuous and liquid markets than the organized exchanges that employ monopolist specialists."

Ironically, the NASDAQ system, which emerged or evolved rather than being built from a master plan, resembles somewhat the unfulfilled, years-old goals of Congress to create through central planning a national market system.

100 NASDAQ/NMS MARKET VALUE LEADERS
1984

	Symbol	Company Name	Market Value	Shares Outstanding
1.	INTC	Intel Corporation	3,178,140,000	112,501,000
2.	MCIC	MCI Communications Corporation	1,806,057,000	240,808,000
3.	AAPL	Apple Computer, Inc.	1,763,081,000	61,325,000
4.	FGRP	Farmers Group, Inc.	1,680,624,000	33,866,000
5.	INGR	Intergraph Corporation	1,413,555,000	25,937,000
6.	SAFC	Safeco Corporation	1,226,841,000	37,037,000
7.	ROAD	Roadway Services, Inc.	1,211,155,000	40,372,000
8.	STPL	St. Paul Companies, Inc. (The)	1,074,859,000	20,044,000
9.	PHYB	Pioneer Hi-Bred International, Inc.	1,013,650,000	31,926,000
10.	PNCF	PNC Financial Corp.	1,004,279,000	22,072,000
11.	PCLB	Price Company (The)	934,538,000	22,724,000
12.	AGREA	American Greetings Corporation	880,956,000	27,856,000
13.	ALBN	Allied Bancshares, Inc.	874,543,000	40,914,000
14.	DIGI	Digital Switch Corporation	871,987,000	39,862,000
15.	ANAT	American National Insurance Company	869,220,000	28,854,000
16.	PCAR	PACCAR Inc.	807,141,000	18,138,000
17.	TNDM	Tandem Computers Incorporated	793,792,000	40,192,000
18.	CPER	Consolidated Papers, Inc.	767,181,000	21,919,000
19.	TCOMA	Tele-communications, Inc.	767,087,000	32,993,000
20.	TRGA	Trust Company of Georgia	762,731,000	23,835,000
21.	SBRU	Subaru of America, Inc.	693,712,000	6,085,000
22.	SHON	Shoneys, Inc.	674,751,000	21,336,000
23.	GBCO	Gulf Broadcast Company	673,271,000	43,437,000
24.	CSFN	Corestates Financial Corporation	668,670,000	15,069,000
25.	ALEX	Alexander & Baldwin, Inc.	662,519,000	18,403,000
26.	PGLOY	Philips (NV) Gloeilampen	658,719,000	42,498,000
27.	SMED	Shared Medical Systems Corporation	658,638,000	24,170,000
28.	SOVN	Sovran Financial Corporation	656,161,000	16,988,000
29.	FUNC	First Union Corporation	646,489,000	18,876,000
30.	APCI	Apollo Computer Inc.	622,277,000	31,114,000
31.	CSGA	Citizens and Southern Georgia Corporation	621,414,000	32,073,000
32.	KEMC	Kemper Corporation	621,118,000	14,238,000
33.	MMED	Multimedia, Inc.	612,291,000	16,661,000
34.	SMAS	Servicemaster Industries Inc.	585,954,000	21,307,000
35.	MOLX	Molex Incorporated	579,304,000	19,976,000
36.	NOBE	Nordstrom, Inc.	576,135,000	18,436,000
37.	MLHR	Miller, Inc. (Herman)	566,121,000	16,529,000
38.	FEXC	First Executive Corporation	557,767,000	47,980,000
39.	ACCOB	Adolph Coors Company	544,251,000	34,284,000
40.	ANTR	Ameritrust Corporation	537,050,000	9,300,000
41.	LIZC	Liz Claiborne, Inc.	535,805,000	21,220,000
42.	WMTT	Willamette Industries, Inc.	533,505,000	15,135,000
43.	SFIN	Southland Financial Corporation	526,081,000	17,391,000
44.	PTCM	Pacific Telecom, Inc.	524,188,000	40,322,000
45.	PICN	Pic 'N' Save Corporation	522,970,000	26,148,000
46.	OCAS	Ohio Casualty Corporation	521,637,000	11,158,000
47.	ROUS	Rouse Company (The)	518,636,000	15,033,000
48.	LINB	Lin Broadcasting Corporation	518,052,000	21,474,000
49.	GENE	Genentech, Inc.	514,352,000	15,240,000
50.	BETZ	Betz Laboratories, Inc.	506,389,000	14,894,000

	Symbol	Company Name	Market Value	Shares Outstanding
51.	NSCO	Network Systems Corporation	490,972,000	21,821,000
52.	MILI	Millipore Corporation	485,076,000	14,215,000
53.	VNCP	Valley National Corporation	483,280,000	16,737,000
54.	DRAM	Micron Technology, Inc.	476,125,000	17,314,000
55.	RBAN	Rainier Bancorporation	469,525,000	9,807,000
56.	CITUB	Citizens Utilities Company	466,548,000	16,370,000
57.	WYMN	Wyman - Gordon Company	466,176,000	18,835,000
58.	MIDL	Midlantic Banks, Inc.	464,660,000	15,818,000
59.	USHC	United States Health Care Systems, Inc.	461,373,000	14,142,000
60.	YELL	Yellow Freight System, Inc. of Delaware	453,517,000	14,284,000
61.	USBC	U. S. Bancorp	448,700,000	18,314,000
62.	MICS	Micom Systems, Inc.	446,281,000	15,798,000
63.	PMSC	Policy Management Systems Corporation	445,940,000	16,216,000
64.	NCTY	National City Corporation	431,794,000	11,363,000
65.	SONO	Sonoco Products Company	428,453,000	10,916,000
66.	MACK	Mack Trucks, Inc.	425,236,000	30,648,000
67.	WTHG	Worthington Industries, Inc.	422,970,000	18,490,000
68.	UVBK	United Virginia Bankshares, Incorporated	412,068,000	11,944,000
69.	MAXI	Maxicare Health Plans, Inc.	404,825,000	16,357,000
70.	ELPA	El Paso Electric Company	404,558,000	30,823,000
71.	KNDR	Kinder-Care Learning Centers, Inc.	404,190,000	27,403,000
72.	LINV	Life Investors Inc.	395,163,000	9,409,000
73.	HMOH	HealthAmerica Corporation	388,654,000	22,862,000
74.	AVAK	Avantek, Inc.	387,267,000	18,891,000
75.	MONC	Monarch Capital Corporation	386,270,000	8,680,000
76.	HNAT	Hartford National Corporation	385,098,000	14,464,000
77.	LOTS	Lotus Development Corporation	378,888,000	15,953,000
78.	STBK	State Street Boston Corporation	378,350,000	8,225,000
79.	SMCH	Service Merchandise Company, Inc.	375,342,000	31,944,000
80.	DAZY	Daisy Systems Corporation	373,698,000	14,513,000
81.	CHRS	Charming Shoppes, Inc.	368,184,000	21,500,000
82.	FDLNB	Food Lion, Inc.	367,920,000	26,280,000
83.	ECON	Economics Laboratory, Inc.	365,016,000	13,582,000
84.	BRNO	Bruno's, Inc	362,858,000	17,809,000
85.	FDLNA	Food Lion, Inc.	361,350,000	26,767,000
86.	NOXLB	Noxell Corporation	359,420,000	8,054,000
87.	HOOV	Hoover Company (The)	357,357,000	12,376,000
88.	ANDW	Andrew Corporation	354,822,000	10,138,000
89.	HAML	Hamilton Oil Corporation	354,130,000	25,295,000
90.	CMCA	Comerica, Inc.	351,560,000	10,302,000
91.	IMSI	I.M.S. International, Inc.	348,398,000	9,578,000
92.	FFBK	First Florida Banks, Inc.	345,172,000	15,601,000
93.	FNBF	Florida National Banks of Florida, Inc.	343,882,000	11,858,000
94.	PAYN	Pay'n Save Corporation	342,765,000	15,234,000
95.	MDNT	Maryland National Corporation	342,584,000	7,786,000
96.	MCCRK	McCormick & Company, Incorporated	342,208,000	10,736,000
97.	USTR	United Stationers Inc.	340,040,000	13,467,000
98.	FABC	First Alabama Bancshares, Inc.	331,874,000	15,259,000
99.	CHIC	Chi Chi's, Inc.	329,757,000	26,119,000
100.	OGIL	Ogilvy & Mather International Inc.	329,650,000	9,157,000

National Association of Securities Dealers, Inc.
1735 K Street, N.W.
Washington, D.C. 20006
(202) 728-8000

February 1, 1985

Ms. Andrea "Andy" Bennett
State Auditor and "Ex-Offico"
Securities Commissioner
Mitchell Building
Post Office Box 4009
Helena, Montana 59604

Dear Andy:

Based on our understanding that your Department's 1985 legislative recommendations would include a proposed amendment to Section 30-10-104(13) of the Montana Code Annotated to grant exchange parity to NASDAQ/NMS securities, the NASD committed its strong support of your Department's undertaking and offered to appear at legislative hearings and marshall additional support from broker-dealers and NASDAQ issuers headquartered in Montana. Enclosed is a copy of Frank Wilson's December 27, 1984, letter to Rick Tucker.

There have been several developments since that time, at least one of which leaves us puzzled. We were advised by your staff that the American Stock Exchange (Amex) retained local counsel to challenge the proposal unless it is modified to restrict the exemption to the approximately 200 Tier I NASDAQ/NMS securities while leaving the approximately 1,100 Tier II NASDAQ/NMS securities out in the cold. Such modification would, in effect, render the proposal virtually meaningless. However, we are not aware of the existence of any written submission to this effect filed with your office by the Amex or its counsel which would confirm the Amex's rationale for suggesting such modification. We are aware of one written submission filed with your office by the Amex but it does not speak to this purported modification.

Perhaps we misunderstand the Amex's position. Whatever the case, an across the board exemption for NASDAQ/NMS securities is important to Montana-headquartered broker-dealers and NASDAQ/NMS issuers and, as you know, we have recently retained Doug James to protect the interests of our constituents and yours located within the State of Montana. Your securities staff, after careful consideration, determined as the State of Georgia recently did that a NASDAQ/NMS exemption would (1) serve the best interests of the investing public; (2) reduce unnecessary burdens imposed on legitimate high quality companies; (3) improve the climate for capital formation; and, (4) eliminate the invitation for local business to take its marketplace to Wall Street simply to avoid the burdens of complying with an unnecessary and outdated provision of the

Montana law enacted before NASDAQ/NMS came into existence. I am also enclosing a copy of Georgia Secretary of State Max Cleland's December 6, 1984, press statement which you may find of interest. We remain firmly committed as stated in our December 27, 1984, letter.

The proposal currently pending in the state legislative counsel's office differs somewhat from our original understanding and is being reviewed by our staff. We plan to comment on it when our review has been completed. We believe a simpler approach may be available. Our paramount concern, however, relates to the short legislative session, the enormous work load imposed on state legislators and the minimum time alloted for input at Committee hearings. We are fearful that the proposal may hit a fast track in the legislature before we have had ample time to fully respond to any questions you or members of the legislature may have.

Similar NASDAQ/NMS proposals are currently underway in a number of other states, some of which have already hit a fast track. Nevertheless, we are available to meet with you in Helena on short notice to provide you and your staff any information you may need to insure the enactment of a NASDAQ/NMS exemption. Several individuals from the Montana financial community have offered to accompany us, should you desire to meet.

Please let Doug or myself know if we can be of any assistance. Doug can be reached at 248-7731. My telephone number is (202) 728-8248. I enjoyed meeting you at Sonny's recent retirement party and we at the NASD look forward to continuing our long and close working relationship with your Securities Department in fulfilling our mutual investor protection responsibilities.

Sincerely,

Raymond W. Cocchi
Vice President
Congressional and State Liaison

Enclosure

cc: Doug James
Rick Tucker
Frank Wilson

NASD

National Association of
Securities Dealers, Inc.
1735 K Street, N.W.
Washington, D.C. 20006
(202) 728-8000

December 27, 1984

Mr. Richard G. Tucker
Chief Deputy Securities Commissioner
Mitchell Building
P.O. Box 4009
Helena, MT 59604

Dear Commissioner Tucker:

The National Association of Securities Dealers, Inc. (NASD) would like to take this opportunity to express its strong support for a proposed amendment to Section 30-10-104(13) of the Montana Code Annotated to extend the exemption from registration in the State of Montana now granted to securities listed on certain stock exchanges to securities which are a part of the NASDAQ National Market System (NASDAQ/NMS). The Association believes that the qualitative and quantitative similarities of the NASDAQ/NMS over-the-counter market to the currently exempted exchange markets and the protections afforded to the investing public with respect to both the securities quoted in NASDAQ/NMS, and with respect to the regulation of NASD member firms support the exemption of NASDAQ/NMS. The NASD believes that the securities and the participants in NASDAQ/NMS marketplace are the substantial equivalent of those of the approved exchanges.

As you are aware, the NASD is registered with the Securities and Exchange Commission as a national securities association pursuant to the provisions of the Securities Exchange Act of 1934 as amended. The NASD has as its primary purpose providing self-regulation for the over-the-counter securities market and it governs the activities of its 5,600 broker-dealer members through 13 administrative districts throughout the United States. The concept of self-regulation allows for regulation by the Association and the other self-regulatory organizations (which by definition in Section (3)(a)(26) of the Securities Exchange Act of 1934 includes the Association and all of the registered securities exchanges) under a pervasive pattern of coordination with and oversight by the Securities and Exchange Commission. The Association believes that its primary function as a regulator of a national securities market provides protections to investors which are the equivalent of those provided by the national securities exchanges.

The NASDAQ system which came into existence in 1971 and NASDAQ/NMS which has been in place since 1982 are both logical extensions of the Association's historical function as a self regulatory organization.

The NASDAQ System has brought a major segment of the over-the-counter market from the point where available OTC quotations were primarily written and outdated when made available, with very little public visibility, to a point where NASDAQ comprises the second largest securities market in the United States with share volume in 1983 at 75% of that of the New York Stock Exchange and 7.5 times that of the American Stock Exchange. Annual share volume for NASDAQ Securities stood at 15.9 billion shares in 1983 which represented almost a 90% increase over 1982 and a 336% increase in the past five years. The daily volume on NASDAQ reached a high of 122 million shares on August 3, 1984 and on seven days during 1983 it exceeded the share volume on the New York Stock Exchange. Dollar volume of trading has increased by in excess of 1000% from $18.7 billion in 1974 to $188.3 billion in 1983. The aggregate market value of securities in NASDAQ totals $229.3 billion, an increase of more than 150% in the last five years. In addition, the NASDAQ composite index for 1983 exceeded the percentage gains for both the New York Stock Exchange composite and the Standard and Poors 500 indexes. There are now in excess 4,700 securities of approximately 4,100 companies quoted on the NASDAQ System with more than 120,000 quotation terminals around the world currently able to receive up to the second quotations on NASDAQ securities. NASDAQ quotations are now carried, on a daily basis, by over 130 newspapers throughout the United States. The number of NASDAQ companies has grown by 53% in the past five years while losses of 1% and 12% respectively were recorded on the New York and American stock exchanges, respectively.

The NASDAQ National Market System which you propose to designate along with those securities exchanges which currently enjoy exemption from registration in Montana is a segment of the NASDAQ System wherein, from the standpoint of investors, securities are truly on a par with those securities listed on the major securities exchanges. Designation as a NASDAQ/NMS security is made pursuant to criteria set forth in a rule promulgated by the Securities and Exchange Commission and subject to change only through the SEC rulemaking process. Any such change must comport with the mandates of Congress as embodied in the 1975 Amendments to the Securities Exchange Act which created the concept of a national market system for securities transactions. The Association believes that the listing criteria for NASDAQ/NMS are equal to and in some cases exceed the criteria for listing on the various securities exchanges. NASDAQ/NMS designation provides investors with last sale trade reporting similar to that found on the New York and American Stock Exchanges. A profile of those companies traded on NASDAQ/NMS which now exceed 1,000 in number

demonstrates that as of the end of 1983, the average price per share was in excess of $20 and the average issuer had almost 8 million outstanding shares with a public float of 5.6 million shares and a market value in excess of $150 million. The companies in the system had average assets of over $500 million and equity in excess of $75 million. Their revenues averaged $172 million with net income of over $8 million. In addition, those companies on NASDAQ/NMS had an average of ten market makers.

Additional evidence of the comparability of NASDAQ/NMS securities to those listed on registered securities exchanges comes from a recent action by the Federal Reserve Board. The Board, which is charged by Congress with regulating the extension of credit for the purchase of securities in the form of margin loans, has amended Regulation T effective November 13, 1984 to make securities automatically marginable upon their designation as a NASDAQ/NMS security. This action recognizes the comparability of NASDAQ/NMS stocks to those listed on an exchange in that until this time only exchange-listed securities enjoyed automatic marginability while those traded over-the-counter irrespective of their individual merit had to be designated as marginable on a case-by-case basis. Other NASDAQ securities must still be designated by the FRB in order to achieve margin status.

In addition to the basic qualitative criteria for designation as a NASDAQ/NMS security, all such securities are subject to both Securities and Exchange Commission and NASD disclosure and reporting requirements which are aimed at providing the public with that information which is material to making investment decisions. Further, the Association through its NASDAQ Operations Department closely monitors issuers' continued compliance with the listing standards and the Association's Market Surveillance staff utilizes state of the art computerized systems to monitor trading activity in the NASDAQ System. The Association has the ability, based upon its investigative activities to halt quotations in NASDAQ securities and to take appropriate disciplinary action against member firms found to have engaged in activities detrimental to the best interests of the investing public.

The Association believes that all of these factors result in a marketplace for NASDAQ/NMS securities which is fully the equivalent of that of the national securities exchanges and that the proposed amendment to Section 30-10-104(13) of the Montana Code is a progressive and forward thinking change which appropriately reflects the realities of national securities markets of 1984.

We will be happy to assist in any way you deem advisable in bringing the proposed statutory amendment to

fruition, including appearing at legislative hearings which may be held, and marshalling broker/dealer and NASDAQ issuer support in Montana.

Very truly yours,

Frank J. Wilson
Executive Vice President
and General Counsel

FJW/mbs

EXHIBIT 4
BUSINESS & INDUSTRY
February 14, 1985

Amendment to SB 399

1. Page 30, line 18.

Following: line 17.

Strike: "30-10-201(1)"

Insert: "30-10-201(4)"

EXHIBIT 5
BUSINESS & INDUSTRY
February 14, 1985

Amendment to SB 399

1. Page 30, line 18.

Following: line 17.

Strike: "30-10-201(1)"

Insert: "30-10-201(4)"

STANDING COMMITTEE REPORT

February 14 19 85

MR. PRESIDENT

We, your committee on BUSINESS & INDUSTRY

having had under consideration SENATE BILL No. 399

first reading copy (white color)

GENERAL REVISION OF SECURITIES LAWS

Respectfully report as follows: That SENATE BILL No. 399

be amended as follows:

1. Page 30, line 18.
Following: line 17
Strike: "30-10-201(1)"
Insert: "30-10-201(4)"

AND AS AMENDED

DO PASS

~~DO NOT PASS~~

Mike Halligan
Chairman.

(To be kept current -- post bills when entering being heard or leaving committee.) Form CS-32

STATUS SHEET

49TH LEGISLATIVE SESSION

COMMITTEE ON BUSINESS AND LABOR

SENATE BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CONCURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CONCURRED IN DATE
340	3-7	3-26	3-26				3-26		
342	2-27	3-18	3-18				3-18		
343	2-27	3-15/3-18 3-29	3-29				3-29		
345	2-27	3-12	3-12				3-12		
349	2-27	3-25/3-28	3-28					3-28	
350	2-27	3-28	3-28				3-28		
353	3-7	3-21/3-27	3-27				3-27		
356	3-7	3-22/3-29 3-27/4-11		TABLED					
357	2-27	3-19/3-20	3-20				3-20		
362	2-27	3-20	3-20				3-20		
363	2-27	3-20	3-20				3-20		
399	2-27	3-27/3-28	3-28				3-28		
402	3-7	3-22/3-28 3-26	3-28					3-28	
404	2-27	3-18	3-18				3-18		
407	2-26	2-26	2-26				2-26		
408	2-27	3-25	3-25				3-25		

Use a separate sheet for Senate, House Bills, and Resolutions

that the land will be appraised prior to the loan being made and it will be made certain qualified people are conducting the appraisals.

There being no further discussion by proponents and no opponents to the bill, all were excused by the chairman and the hearing on Senate Bill 208 was closed.

SENATE BILL 399: Hearing commenced on Senate Bill 399. Senator Bruce Crippen, District #45, sponsor of the bill, explained this is a housekeeping measure to revise the security laws. This bill will allow security exemptions for banks and bring the Montana statute into conformity.

Proponent Robert Minto, a Missoula attorney who practices in the securities area, stated Senate Bill 399 will bring the Montana security practice into compliance with our neighboring jurisdictions and serve to enhance the Montana security business.

Proponent Chris Wadner, representing Dean Witter Reynolds, offered his support and stated that although they do belong to the American Stock Exchange and the New York Stock Exchange he is not speaking for them.

Proponent Rich Brown, a past employee of the state auditors office in the securities area, explained this legislation is needed and urged the committee to vote favorably on Senate Bill 399.

Proponent Doug James, a Billings attorney, explained that the Securities Act was adopted in 1961. Montana has a reputation of being tough on fraud and high on investor protection. Those that are listed with the stock exchange have been exempted since 1961. Senate Bill 399 will remove the inequities in the security act, help Montana business and create a greater market depth. Mr. James distributed to committee members Exhibit 3 which is attached hereto.

Proponent Bruce MacKenzie, General Counsel, D.A. Davidson and Company of Great Falls, supplied written testimony which is attached hereto as Exhibit 4.

Proponent Nils Ribi, Chief Executive Officer, Ribi ImmunoChem Research, Inc., stated the Montana security regulations are far behind the national level and this is a step in the right direction. This will get the message out to the nation and will benefit Montana business and provide protection for the investor.

Proponent Rick Tucker, Chief Deputy Securities Commissioner, Securities Division, Auditor's Office, offered his support of the bill.

Proponent Dale Harris, representing Keith Colbo of the Department of Commerce, offered his support and explained this will greatly benefit the smaller firms that are seeking to raise capital.

ADJOURN: The meeting was adjourned at 10:00 a.m. and will reconvene at 12:00 p.m. to complete the hearing on Senate Bill 399.

The meeting of the Business and Labor Committee was called to order by Chairman Bob Pavlovich at 12:45 p.m.

ROLL CALL: All members were present.

SENATE BILL 399: The hearing on Senate Bill 399 was opened to further proponents.

Proponent J. Kim Schulke, Staff Attorney, Office of the State Auditor, Securities Department, supplied written testimony which is attached hereto as Exhibit 5.

Proponent Mike DaSilva, Vice-President, G. T. Murray and Company, stated it is important to make certain a stock is registered prior to recommending a client purchase a stock. If Senate Bill 399 is not passed, the information will not be able to be relied upon and a check with the state auditors office will need to be done. This will create a delay to investors which could be crucial. The passage of this legislation will benefit Montana investors, added Mr. DaSilva.

Jerome Anderson, representing the American Stock Exchange, explained that his position is a neutral one and that he did not appear at the senate hearing. Mr. Anderson offered an amendment which is attached hereto as Exhibit 6. An exemption should be given to tier one securities who meet the criteria. It is important to have the auditor in control to protect the investing public. Mr. Anderson introduced Benjamin Krause, Senior Vice-President of the American Stock Exchange.

Mr. Benjamin Krause, explained that the tier 1 securites represent those major, national corporations and that there is no equivalency between the two tiers. Montana security laws are not out of date, our present law is similar to our contiguous states, and passage of this legislation would put Montana out of sync. The North American Security Association, Uniform Security Laws Commission, a committee of the

bar association and others are studying the uniformity of security laws. Senate Bill 399 will have an adverse impact on Montana commerce. Transaction must be reported immediately and we are not against last sale reporting, stated Mr. Krause. It is to the benefit of the public and a productive way to allow the security commissioners office to review and approve. Mr. Krause distributed to committee members Exhibit 7 which is attached hereto.

Representative Thomas questioned Nils Ribi concerning his thoughts on the proposed amendment. Mr. Ribi stated the Securities and Exchange Commission reviews all presently and this would create unnecessary duplication. Mr. Ribi explained that his company became public in May of 1981. Shares were not available to any Montana investors due to the state securities department not dealing in a timely fashion. The amendment would eliminate his company and other in Montana.

Representative Schultz asked Rick Tucker if we may be creating a "buyer beware" situation. Mr. Tucker explained that nothing is safe and that the criteria for each exchange is different. The exemption has been in place since 1961. Senate Bill 399 should provide Montana companies with equal opportunity for exemption. We are not jumping out in front, but are relaxing some of the regulation without jeopardizing the investor.

Representative Simon asked Benjamin Krause how many states have similar legislation. Mr. Krause explained that there are no more than three states that have this type of legislation.

Representative Simon then asked Mr. Krause if there are more states that have similar legislation with the tier 1 exemption. Mr. Krause explained that there are not. The tier concept is a new one. Forty-nine states have an exemption. The three major categories for exemption are: the New York Stock Exchange and American Stock Exchange; the New York Stock Exchange, American Stock Exchange and two others; and the principal stock exchanges and blue chip standards.

Representative Wallin asked Rick Tucker how many companies in Montana this will affect. Mr. Tucker explained that five Montana companies are now listed on the National Market System.

Representative Wallin then asked Mr. Tucker if this will bring money into Montana and benefit Montana economy. Mr. Tucker explained that this is his personal opinion. The Montana investor and the Montana small business will

benefit.

Representative Brandewie asked Rick Tucker the number of states that have similar legislation. Mr. Tucker stated three state have exact law, while several states have NASDAQ and NMS exemptions. In April the North American Securities Association will come forth with a recommendation for nationwide exemptions.

In closing, Senator Crippen stated the opponents are concerned about protection and this bill address' protection for before and after the fact. This is not a battle of turf as referred to by Benjamin Krause. A number of states are presenting similar legislation. The amendment proposed does not make sense as it will eliminate small companies. If Senate Bill 399 is not passed it will exclude and force those to go through the American and New York Stock Exchanges.

There being no further discussion by proponents or opponents, all were excused by the chairman and the hearing on Senate Bill 399 was closed.

ADJOURN: There being no further business before the committee, the meeting was adjourned at 1:40 p.m.

Rep. Bob Pavlovich,
Chairman

DAILY ROLL CALL

BUSINESS AND LABOR COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date March 29, 1985

NAME	PRESENT	ABSENT	EXCUSED
Bob Pavlovich	✓		
Les Kitselman	✓		
Bob Bachini	✓		
Ray Brandewie	✓		
Jan Brown	✓		
Jerry Driscoll	✓		
Robert Ellerd	✓		
William Glaser	✓		
Stella Jean Hansen	✓		
Marjorie Hart	✓		
Ramona Howe	✓		
Tom Jones	✓		
Mike Kadas	✓		
Vernon Keller	✓		
Lloyd McCormick	✓		
Jerry Nisbet	✓		
James Schultz	✓		
Bruce Simon	✓		
Fred Thomas	✓		
Norm Wallin	✓		

Exhibit 3
3/27/85
SB 399
Submitted by:
Doug James

WRITTEN TESTIMONY
IN SUPPORT OF

SENATE BILL 399

AND THE
NASDAQ/NMS EXEMPTION

FAULKNER 2/4/85

RIBI
IMMUNOCHEM
RESEARCH, INC.

P.O. Box 140
HAMILTON, MONTAN
59840 US
(406) 363-621

January 30, 1985

Ms. Andrea Hemstad,
State Auditor
State Auditor's Office
P. O. Box 4009
Helena, MT 59604

Dear Ms. Hemstad:

Congratulations on your election as State Auditor. I am sure that you are extremely busy establishing yourself into the new position, but I did want to take this opportunity to commend you and Rick Tucker on the forward-looking approach you have taken in regard to putting NASDAQ National Market System securities on parity with the other Exchanges.

We here at Ribi ImmunoChem fully support your efforts and offer any assistance we can give in seeing the matter through the current Legislature. This change has been long overdue and will only add benefit to the companies doing business in our state as well as provide a benefit for our citizens.

Keep up the good work. I look forward to meeting you sometime in the near future.

Sincerely,

Nils A. Ribi,
Chief Executive Officer

NAR/m

cc: Mr. Rick Tucker

ROCKY MOUNTAIN CAPITAL, LTD.

February 11, 1985

Ms. Andrea Bennett
State Auditor and Ex
Officio Securities Commissioner
P. O. Box 4009
Helena, Montana 59604

Re: Securities Legislation
The NASDAQ/NMS Exemption

Dear Ms. Bennett,

The proposed legislation to create an exemption for securities listed on NASDAQ/NMS is supported by Rocky Mountain Capital. As venture capitalists, we appreciate the need for legislation that facilitates capital formation, and believe such legislation would be an important element in the overall "build Montana" efforts.

Truly yours,

James H. Koessler

James H. Koessler
President

JHK/cb

315 SECURITIES BUILDING BILLINGS, MONTANA 59101 406/256-1984

FAULKNER 2/7/85

BANK OF MONTANA
SYSTEM
P. O. BOX 5100, GREAT FALLS, MONTANA 59403

February 1, 1985.

Mrs. Andrea Bennett, State Auditor
State of Montana
Mitchell Building
P. O. Box 4009
Helena, MT 59604

Dear Mrs. Bennett:

Bank of Montana System supports the Securities Department's proposal that would provide an exemption from registration for NASDAQ/NMS Securities.

We believe this action is long overdue and we commend the Securities Department for its progressive approach.

Very truly yours,

JOSEPH J. FRIEND
Senior Vice President

JJF:emd

cc: Gless Faulkner

Montana Bancsystem, Inc.
400 Securities Building
Billings, Montana 59101
Telephone
(406) 248-3633

February 11, 1985

Andrea Bennett
State Auditor and
Ex Officio Securities Commissioner
P. O. Box 4009
Helena, MT 59604

Dear Ms. Bennett:

We ask for your support of legislation to be proposed in this session which would create a registration exemption under Montana Securities Laws for firms whose securities are listed on the NASDAQ National Market System. As you know, listing with NASDAQ/ NMS is the functional equivalent of a listing with one of the other major stock exchanges (ie. New York or American Stock Exchange).

I am an attorney practicing in the securities field, and a Montanan closely involved in business throughout the state. This proposed exemption would benefit business without minimizing in any way, the protections afforded Montanans by the Securities Laws.

Thank you for your consideration of this matter.

Very truly yours,

Mark D. Safty General Counsel
and Secretary

CC: Doug James

MDS:lkp

G.T. MURRAY & CO.
MEMBER N.A.S.D. & S.I.P.C.

March 20, 1985

Ms. Andrea Bennett
State Auditor
Room 270
Sam W. Mitchell Building
P.O. Box 4009
Helena, MT. 59604

Dear Andy:

Please accept this letter as evidence of our support for Senate Bill - 399 to allow the NASDAQ/NMS exemption. We feel that this exemption will benefit both Montana businesses and Montana investors.

If I can be of any assistance in supporting this legislation, please call me.

Sincerely,

Mike

Michael DaSilva
Vice-President
Branch Manager

DIMENSION
MANAGEMENT SERVICES, INC.

February 21, 1985

Andrea "Andy" Bennett
State Auditor and Ex-Officio Securities Commissioner
P.O. Box 4009
Helena, Montana 59604

Re: Senate Bill 399

Dear Commissioner Bennett:

We support your efforts to develop an NASDAQ national market system exemption under Section 30-10-104 of the Securities Act of Montana. As a company which is engaged in the business of investment banking and investment structuring, we strongly support any effort to ease our burden of raising capital both in and outside the State of Montana. Your proposed exemption, in conjunction with similar exemptions presently being adopted by other states, will eliminate duplicative filing requirements thereby streamlining the offering process for emerging companies. In addition, the proposed exemption should develop more investment opportunities for Montana citizens.

If I can be of any further assistance in supporting this legislation, please contact me.

Very truly yours,

S/

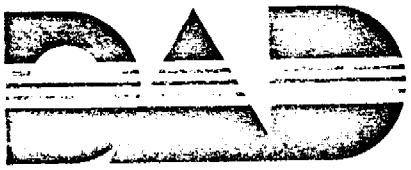
Bruce A. Larson
General Counsel

st

c: Doug James, Esq.

DIMENSION MANAGEMENT SERVICES, INC.
550 NORTH 31ST STREET, SUITE 305
P.O. BOX 23309, BILLINGS, MT 59104
(406) 259-9484

bc: Doug James



An investment firm you like to tell your friends about.

D.A. Davidson & Co.
Incorporated

Davidson Building
P.O. Box 5015
Great Falls, Montana
59403

(406) 727-4200

Offices: Billings, Bozeman, Butte, Havre, Helena, Kalis Missoula, Montana; Williston, North Dak Moscow, Idaho

Corporate Office:
Davidson Building
Great Falls,
Montana 59401

Members:
Midwest Stock Exchange Inc.
Pacific Stock Exchange Inc.
Securities Investor Protection Corp.

February 7, 1985

Ms. Andrea Bennett
State Auditor
Mitchell Building
Helena, Montana 59620

RE: Proposed Amendment to State Securities Laws

Dear Ms. Bennett:

Thank you for taking the time to meet with Doug James and me concerning the proposed amendment to the Securities Act of Montana. This letter will confirm our conversation in which I indicated my consent for the Department to use my letter dated February 4, 1985, supporting the NASDAQ/NMS exemption during the legislative hearings on this particular legislation.

As I indicated to you in our conversation, however, my letter of February 4 contains three (3) proposed modifications to the legislation. After further consideration and discussions with your staff, the second modification I proposed in that letter which requested that only those stocks that are actually listed on NASDAQ/NMS be exempt rather than those that are approved for listing would be an ill-advised and inappropriate modification. I would appreciate it if you would attach a copy of this letter to the letter of February 4, 1985, clarifying D.A. Davidson & Co.'s position.

Thank you again for your attention to this matter. If you have any questions or if I can be of any further assistance please do not hesitate to contact this office.

With best regards.

Sincerely,

Bruce A. MacKenzie
General Counsel

cc: Rick Tucker

LUXAN & MURFITT
ATTORNEYS AT LAW

MONTANA CLUB BUILDING • 24 W. SIXTH AVE.
P.O. BOX 1144 • HELENA, MONTANA 59624
(406) 442-7450

H.J. LUXAN (1918-1984)
WALTER S. MURFITT
MICHAEL J. MULRONEY
GARY L. DAVIS
TERRY B. COSGROVE
DALE E. REAGOR
PATRICK E. MELBY
MICHAEL J. RIELEY

February 4, 1985

Andrea "Andy" Bennett
State Auditor and
Ex Officio Securities Commission
P.O. Box 4009
Helena, MT 59604

Re: Proposal Amendment to 30-10-104(13) MCA

Dear Commissioner Bennett:

I am a Montana lawyer with a substantial practice in securities law.

The purpose of this letter is to express my strong support for your proposed amendment to 30-10-104(13) MCA which would allow an exemption from registration in the State of Montana to securities which are part of the NASDQ National Market System (NASDQ/NMS).

While I have a number of reasons as a practicing securities attorney for support of this amendment my primary reasons are:

(1) Such an amendment would facilitate the raising of capital and thereby encourage economic development in our state.

(2) Securities eligible to become listed on NASDQ/NMS must meet certain qualitative critera established by the Securities and Exchange Commission and therefore citizens of Montana will not be encouraged or exposed to fraudulent investments as a result of investment in such exempted securities.

(3) The workload of your already burdened office will be lessened.

(4) A large number of other states have adopted this amendment to eliminate duplicative filing requirements, achieve the above listed benefits and additional benefits associated with modern computer technology.

Please feel free to introduce this letter to the legislature to demonstrate my support.

Sincerely yours,

MICHAEL J. MULRONEY

/Michael J. Mulroney

for LUXAN & MURFITT

MJM/ds
cc: Doug James, Esq.

DOWLING LAW FIRM, P.S.C.
3030 N. MONTANA AVE.
VALLEY BANK BUILDING
HELENA, MONTANA 59601

THOMAS F. DOWLING

PHONE 442-9000
AREA CODE 406

February 15, 1985

Andrea Hemstad Bennett
State Auditor & Ex-Officio Ins. Comm.
State of Montana
Helena, Montana 59620

Re: Pending Securities Legislation

Dear Andy:

As you know, a substantial portion of my practice involves securities. Formerly I was employed as an attorney by the U.S. Securities and Exchange Commission in Seattle and I have represented the Montana Securities Department in the past. I am aware of the proposed amendment to 30-10-104(13), MCA, to provide an exemption from registration in Montana for securities which are listed on the National Association of Securities Dealers Automated Quotation System - National Market System.

Additionally I am the chairman of the Helena Area Economic Development Council and am deeply interested in any method to provide capital to improve the economic climate in the State of Montana.

It is my opinion that the proposed exemption from registration contemplated by the amendment would be beneficial to the securities industry in the State of Montana and also may be beneficial in providing finance capital in our state.

For these reasons, among other expressed by other proponents of the amendment, I support the proposed exemption from registration of securities listed by MASDAQ/NMS.

I support your efforts in this regard and please do not hesitate to indicate to any legislative committee considering the proposed amendment, my indication of support.

Very truly yours,

Thomas F. Dowling

TFD:rf
cc: Doug James

OITZINGER & MULLENDORE
ATTORNEYS AT LAW

310 West Spruce
Missoula, Montana 59802
(406) 721-8300

John J. Oitzinger (MT, NY)
Robert G. Mullendore (MT, WA, AK)
Claude W. Martin (WY)
Peter S. Dayton (MT, IL)
Thomas E. Hattersley, III (MT, CA)

Power Block Building
Last Chance Gulch
Helena, Montana 59601
(406) 449-6390

American Bank Center
123 West 1st Street
Casper, Wyoming 82601
(307) 234-1411

February 21, 1985

Ms. Andrea Bennett
State Auditor and Ex Officio Securities Commissioner
P. O. Box 4009
Helena, MT 59604

Re: Securities Legislation; SB 399
The NASDAQ/NMS Exemption

Dear Ms. Bennett:

As an attorney whose practice involves advising small and medium-size Montana businesses, with regard to capital formation, I would like to express my support for the proposed amendment to Section 30-10-104(13), M.C.A. (contained in SB 399), which would exempt from registration those securities approved for listing on the NASDAQ/NMS. A growing portion of my practice involves securities and financial advice to Montana corporations. I see the proposed amendment as beneficial to new and growing small businesses in Montana, and a natural adjunct to the "Build Montana Program."

The effects of exempting NASDAQ/NMS listed stock from Montana Blue Sky registration are three-fold. First, the exemption will make it easier for new and existing Montana businesses to obtain capital from sources outside Montana. Second, it will give Montana investors a broader range of sound investment opportunities. Third, it will signal Montana's acceptance of the SEC's policy regarding a national market system for exchange of stock.

1. Expanded Opportunities for Montana Businesses and Investors

The raising of capital is a barrier to small business growth in Montana which Governor Schwinden's administration is working diligently to overcome. If the proposed exemption were adopted in Montana and other states, it would be easier for new and existing Montana businesses to obtain capital, particularly from sources outside Montana which otherwise might never consider investing in a Montana company or which would otherwise be too difficult to reach because of each state's

Blue Sky regulations. By exempting NASDAQ/NMS stock from Blue Sky registration in Montana, Montana businesses will have one less hurdle to jump in selling their stock to Montana investors. In addition, Montana's acceptance of the exemption May help prompt other states to accept a similar exemption and eliminate their Blue Sky hurdles to Montana companies. Eventually, the time and expense of Blue Sky compliance would be drastically reduced through elimination of what is currently duplication of effort exercised on the part of individual state administrators and the NASD in conjunction with the SEC.

Once NASDAQ/NMS stock is exempted like stock traded on the NYSE, AMEX and other nationally recognized exchanges, the benefits currently being enjoyed by stocks listed on the NASDAQ/NMS will be multiplied. Small or new companies are allowed to grow much more rapidly on the NASDAQ/NMS than on the other exchanges. The existence of numerous competitive market makers for NASDAQ/NMS stock provides more liquidity and lower prices for any given company's stock than the more well-known exchanges, where markets are often made for a company's stock by the "specialists" who, for the most part, maintain monopoly positions in certain issues. Liquidity of new issue stock in a "risky" company, or a company that has recently gone public, is essential for public confidence in the market for that stock. Lack of liquidity can kill a new company that otherwise would survive. For new or expanding Montana businesses, many of which will get a start or a chance to accelerate growth from the Build Montana Program, the liquidity feature is essential. Also, the comparatively small entry fee ($5,000 for the NASDAQ/NMS vs. $30,000 for the NYSE), reduces the cost to small companies and allows a smooth transition from private to public trading, or from OTC to exchange listing. The NASDAQ/NMS is a new vehicle (implemented in 1982), which can be utilized by new and expanding businesses in Montana to become recognized and have their stock traded in a national market.

The NASDAQ/NMS is not only for new or risky stock. Actually, those NASDAQ companies which are listed on the NMS are the cream of the stocks traded on the NASDAQ. Many of the stocks which started as new issues, "risky" stock, or "bottom fish" on the NASDAQ/NMS are now floating among the blue chips (Apple, MCI, Intel, Tandem and the American International Group of insurance companies). Because of the advantages these companies obtain by listing on the NASDAQ/NMS as opposed to the NYSE, AMEX, or other exchanges, they have chosen to remain with the NASDAQ even though they meet the listing requirements of

the other exchanges. These stocks were at one time much like stock in the five Montana companies currently listed by the NASDAQ/NMS. They were considered risky, and information about the companies they represented was not readily available. The NASDAQ/NMS provided access to daily stock information on these companies, which was similar (and now is identical) to the type of information available on the NYSE, AMEX and other national exchanges. This type of information was previously available for non-exchange OTC stock only on a disorganized and delayed basis. On April 1, 1982, last sale-trade reporting began for NASDAQ/NMS securities. This makes the market information available and disseminated on those securities as complete and current as the information on other exchange-listed securities. Broker/
dealers are required to report the price and volume of each transaction within ninety seconds after execution.

The expansion of capital markets in Montana which would be accomplished by acceptance of the exemption in Montana and other states would be done without threat to Montana investors. The already stringent regulation and reporting requirements imposed on NASDAQ/NMS companies by the NASD and SEC is sufficient to insure that Montanans will not be exposed to "fly-by-night" companies and boiler room deals. The Montana securities commissioner will be able to spend more time and taxpayers' money investigating and stopping real corrupt securities from being sold within the state. In addition, Montana's notoriously hard line and strict scrutiny of new security issues in order to protect Montana investors would become less a barrier to legitimate new companies listed on the National Market System which seek Montana capital. The exemption would also allow Montanans to invest more readily in legitimate out-of-state businesses.

2. Improvement of the Nation's Market Systems

Excluding the NASDAQ/NMS from the exemption allowed other national exchanges in Section 30-10-104(13) M.C.A. is a form of discrimination against its listed companies, which is out-of-step with the times. The SEC views the securities markets as an important national asset. It has also stated that the linking of all markets for qualified securities through communication and data processing facilities is fundamental in fostering efficiency and increased competition. The NASDAQ/NMS has become a major force in achieving the competitive and efficient computerized transfer and clearing of

securities. It has become a major threat to the NYSE as it exists today. There are admitted problems in monitoring the specialists of the NYSE, and there are reports concluding that the specialists have not and possibly cannot achieve their purpose of providing an "orderly" market. These criticisms are causing many in the industry to look more seriously at the new kid on the block with its competive market makers and easily monitored computerized transactions. The SEC and other observers have suggested that the NYSE auction market be replaced by an electronically linked network of competitive dealers, much like the NASDAQ/NMS.

From small beginnings, the NASDAQ has become the second largest exchange in the United States. The current Montana exemption which is limited to exchanges is an anachronism in this computer age. It clearly discriminates against the viable and essential NASDAQ/NMS. In addition to the stocks listed on the NYSE, Montana allows state exemption from registration for stocks listed on the AMEX, and the Pacific and Midwest exchanges, which are smaller and no more protective of investors than the NASDAQ/NMS.

The proposed legislation promotes a free market system to the extent which is now technologically available. It represents sound public policy which should be enacted.

Sincerely,

Robert G. Mullendore

cir
cc: Doug James ✓

DORSEY & WHITNEY

A Partnership Including Professional Corporations

201 DAVIDSON BUILDING
8 THIRD STREET NORTH
GREAT FALLS, MONTANA 59401
(406) 727-3632

2200 FIRST BANK PLACE EAST
MINNEAPOLIS, MINNESOTA 55402
(612) 340-2600

880 WEST-FIRST NATIONAL BANK BUILDING
ST. PAUL, MINNESOTA 55101
(612) 227-8017

312 FIRST NATIONAL BANK BUILDING
WAYZATA, MINNESOTA 55391
(612) 475-0373

SUITE 675 NORTH
1800 M STREET N.W.
WASHINGTON, D. C. 20036
(202) 296-2780

P. O. BOX 849
340 FIRST NATIONAL BANK BUILDING
ROCHESTER, MINNESOTA 55903
(507) 288-3156

30 RUE LA BOETIE
75008 PARIS, FRANCE
TEL: (1) 562 32 50

February 1, 1985

JOHN W. MANNING

Ms. Andrea Hemstad Bennett
State Auditor
Room 270
Sam W. Mitchell Building
P. O. Box 4009
Helena, Montana 59604

Mr. Rick Tucker
Montana Securities Department
Room 270
Sam W. Mitchell Building
P. O. Box 4009
Helena, Montana 59604

Dear Andy and Rick:

It has come to my attention that there is legislation in the State Legislature to exempt NASDAQ National Market System securities from registration in Montana. I strongly believe that such an exemption is desirable and would be beneficial to several companies headquartered in Montana.

The NASDAQ system in general, and the National Market System in particular, has developed into a very significant and effective trading market in the past several years. As you know, the NASD regulates its listed companies in much the same manner as the national and regional stock exchanges. Although I am aware of the competition between the exchanges and the National Market System to enlist issuers, I do not believe that there are any good reasons for treating National Market System securities any differently than securities listed on the established exchanges.

Adoption of such an exemption would in my opinion be best accomplished by amending Section 30-10-104(13) of the Montana Securities Act by inserting a few words referring to the NASDAQ National Market System. For the reasons expressed above, I reiterate my support for the adoption of this amendment and urge you to support that legislation.

If you should have any questions with respect to the foregoing, please do not hesitate to contact me.

Very truly yours,

John W. Manning

JWM/mc

Central Square Building
Jl West Main
Missoula, Montana 59802
406/728-0810

Datsopoulos, MacDonald & Lind

Attorneys at Law

Milton Datsopoulos
Ronald B. MacDonald
Dennis E. Lind
Christopher B. Swartley
Edward A. Murphy
Richard A. Reep
William K. VanCanagan
David B. Cotner

February 22, 1985

Andrea (Andy) Bennett
State Auditor and Ex Officio Securities
Commissioner
P.O. Box 4009
Helena, MT 59604

RE: Proposal Amendment to
30-10-104(13), M.C.A.

Dear Ms. Bennett:

I am a Montana lawyer presently practicing in Missoula with a focus in the securities arena.

The purpose of this letter is to express my support for the proposed amendment to M.C.A. § 30-10-104(13) which would provide for an exemption for registration in the State of Montana to securities which are a part of the MASDAQ National Market System (NASDAQ-NMS).

Is is my strong personal belief that this change has been long overdue and will greatly benefit many companies doing business within the State of Montana as well as provide many benefits for the citizens of our great State. I would like to take this opportunity to offer any assistance which I can give in promoting this bill in the Montana Legislature.

I look forward to meeting you in the near future. If there is anything I can do to assist you, please let me know.

Sincerely,

DATSOPOULOS, MacDONALD & LIND

William K. VanCanagan

WKV/lkk

Law Offices of
GRAYBILL, OSTREM, WARNER & CROTTY
No. 18 Sixth Street North · Suite 200 · Great Falls, Montana 59401 · Telephone 406/452-9566

Leo C. Graybill (1973)
Leo Graybill, Jr.
Donald L. Ostrem
Gregory H. Warner
G. Robert Crotty, Jr.
Michael G. Barer
Turner C. Graybill
(admitted in Massachusetts)
Scott M. Radford
(admitted in California)
Truman G. Bradford
of counsel

File No.:

February 11, 1985

Ms. Andrea Bennett
State Auditor and
Ex Officio Securities Commissioner
P.O. Box 4009
Helena, MT 59604

Dear Andy:

As a lawyer engaged in securities litigation, I am writing to express my support for your proposal to amend M.C.A. 30-10-104(3) so as to exempt securities which have been listed on the NASDAQ National Market System. Such an exemption will allow this market system to compete more effectively with the New York exchanges. The exemption would reduce the number of burdensome and duplicative filing requirements faced by firms attempting to market high-quality securities through the NASDAQ system. Most important, the reform may encourage Montana firms to qualify on the National Market System and thus promote capital formation and business development in Montana.

Sincerely,

GRAYBILL, OSTREM, WARNER & CROTTY

BY: Turner C. Graybill

TCG/tt

William A. Brolin

ATTORNEY AT LAW
ONE TEN WEST PARK AVENUE
P.O. Box 1397
ANACONDA, MONTANA 59711-1397

TELEPHONE (406) 563-8412

February 8, 1985

Honorable Andrea Bennett
State Auditor
and Ex Officio Securities Commissioner
P.O. Box 4009
Helena, MT 59604

Dear Mrs. Bennett:

It has just come to my attention that a bill is to be introduced in this legislative session, with the blessings of the State Securities Department, to allow for an exemption under the Securities Act for securities listed on the NASDAQ/National Market System. I am most interested in this legislation as I feel it will greatly benefit the future economic growth of the State, and offers no new risk.

As you are well aware, such exemption has, for years, been granted to other exchange listings. NASDAQ has proved its reliability, by its regulation of NASD member firms and the built-in protections afforded to investors. It seems only fair and equitable that such exemption should be allowed NASDAQ/National Market System.

A further fact however, is the assistance it would provide to Montana entrepreneurs. As General Counsel to Ribi Immunochem Research, Inc., I have been closely affiliated with and respectful of the NASD system. To have had the exemptions as proposed, would have greatly aided our company in its early financing and it would assist Montana companies seeking capital expansion in the future. This exemption is presently offered in many of the States of this Country and hopefully the exemption will soon be the law of this State.

Further, I am unable to appreciate why anyone would be legitimately opposed to extending this exemption to NASDAQ/National Market System, as it appears beneficial to all of Montana for any entrapraneural development that will or may take place. The granting of such exemption does not create an undue disadvantage to the jeopardy of any of the existing named exchanges which already have the benefit of the exemption.

I do therefore most sincerely congratulate your office for proposing such legislation, and I offer my wholehearted support and cooperation. Should I be able to be of service in this regard, please feel free to call on me.

Yours truly,

William A. Brolin

WAB/mf

cc. Doug James

CROWLEY, HAUGHEY, HANSON, TOOLE & DIETRICH

CALE CROWLEY
JAMES M. HAUGHEY
NORMAN HANSON
BRUCE R. TOOLE
JOHN M. DIETRICH
THOMAS N. KELLEY
LOUIS R. MOORE
GARELD F. KRIEG
ARTHUR F. LAMEY, JR.
MYLES J. THOMAS
GEORGE C. DALTHORP
DAVID L. JOHNSON
JACK RAMIREZ
KEMP WILSON
ROBERT EDD LEE
STUART W. CONNER
HERBERT I. PIERCE, III
RONALD R. LODDERS
STEVEN RUFFATTO
ALLAN L. KAPELL
JAMES P. SITES

ATTORNEYS AT LAW
500 TRANSWESTERN PLAZA II
490 NORTH 31ST STREET
P. O. BOX 2529
BILLINGS, MONTANA 59103-2529
TELEPHONE (406) 252-3441

L. RANDALL BISHOP
CAROLYN S. [illegible]
STEVEN J. LEHMAN
T. G. SPEAR
LAURA A. MITCHELL
SHERRY SCHEEL MATTEUCCI
CHRISTOPHER MANSEN, JR.
MICHAEL E. WEBSTER
DANIEL N. MCLEAN
JOHN R. ALEXANDER
DONALD L. HARRIS
WILLIAM D. LAMOIN, III
MICHAEL S. DOCHERY
WILLIAM J. MATTIX
MICHAEL P. MANION
PETER F. HABEIN
WILLIAM O. BRONSON
MALCOLM H. GOODRICH
MICHAEL B. EVANS
MARY S. FERGER

February 19, 1985

Ms. Andrea Bennett
State Auditor and
Ex Officio Securities Commissioner
P. O. Box 4009
Helena, Montana 59604

Re: Proposed Securities Legislation
NASDAQ/NMS Exemption

Dear Ms. Bennett:

This letter is written in support of the proposal to amend §30-10-104(13), MCA, of the Securities Act of Montana to create an exemption for securities listed on the National Association of Securities Dealers Automated Quotation System/National Market System (NASDAQ/NMS). I believe that this legislation will provide great benefits to Montana investors, and more particularly to Montana businesses and enterprises seeking investment capital.

Since its creation NASDAQ has seen phenomenal growth, and is currently one of the largest stock exchanges in the world. Since the Montana Securities Act currently exempts securities listed on the New York, American and regional stock exchanges, it seems entirely consistent that exemption should be given to those stocks listed on NASDAQ/NMS, particularly when such issues are subject to listing and disclosure requirements which will provide protection for potential investors. It is further in keeping with the trend toward eliminating unnecessary or duplicative regulatory controls, and in trying to foster capital development and growth.

With particular reference to Montana, I believe that the proposed exemption would expand opportunities for Montana businesses to achieve a national market image, while avoiding duplicative registration with the State. It would furthermore reduce the administrative burden increasingly borne by your office, while providing additional investment opportunities to Montanans. I believe the proposed exemption is fully in keeping with attempts

to foster economic development and growth within the State, and in our uncertain economic times, would be a great benefit to the State.

While I understand the considerable competition among the stock exchanges, I sincerely believe that out-of-state interests should not be allowed to undermine proposed legislation such as this which would foster economic development within the State. Accordingly, I support adoption of the NASDAQ/NMS exemption.

Sincerely yours,

ALLAN KARELL

AK:bm

bcc: Doug James, Esq.

JACKSON, MURDO & GRANT
ATTORNEYS AT LAW
203 NORTH EWING STREET
HELENA, MONTANA 59601

DAVID L. JACKSON
ROBERT M. MURDO
JOHN H. GRANT
CURTIS E. LARSEN
TOMMY H. BUTLER

L. V. HARRIS
COUNSEL

TELEPHONE
(406) 442-1300

February 14, 1985

Ms. Andrea Bennett
State Auditor and Securities Commissioner
Capitol Station - Mitchell Building
Helena, MT 59620

Re: Amendments to Montana Securities Laws (SB 399)

Dear Ms. Bennett:

This letter is written in support of your office's requested amendments to the Montana Securities Laws. Although our practice is primarily in the field of municipal securities, we have watched the emergence of the National Association of Securities Dealers' Automated Quotations System as a competitive alternative to the ten active registered national securities exchanges.

We believe your amendments, specifically the NASDAQ national market system exemption (in Section 2 of SB 399), will be of benefit to businesses and investors in Montana by facilitating the raising of capital and providing a wider range of safe investments.

Very truly yours,

JACKSON, MURDO & GRANT, P.C.

Robert M. Murdo

By: Robert M. Murdo

RMM/cn

HENDRICKSON & EVERSON, P. C.
ATTORNEYS AT LAW
324 HART-ALBIN BUILDING
BILLINGS, MONTANA
59101

ROBERT E. HENDRICKSON
GARY B. EVERSON
MARK E. NOENNIG
TIMOTHY A. FILZ
JAMES M. RAGAIN

TELEPHONE 245-6238
AREA CODE 406

February 14, 1985

Ms. Andrea Benett
State Auditor
Room 270, Sam W. Mitchell Building
P.O. Box 4009
Helena, MT 59604

Dear Ms. Benett:

It has come to my attention that there is proposed legislation before the Montana State Legislature to exempt NASDAQ national market system securities from registration in the State of Montana. I believe this exemption would be desirable for the State of Montana, both for existing Montana firms which are listed on this exchange and for newly developed firms.

One of the greatest disabilities under which Montana firms suffer is the inability to compete for capital. Exempting from registration securities listed on the NASDAQ national market system will, I believe, go a long way toward relieving this disability, while at the same time protecting Montana investors.

I support your proposal to create this exemption, without qualification.

Sincerely,

HENDRICKSON & EVERSON, P.C.

By:
Tim Filz

TF:clk

cc: Doug James

ROBERT K. OGG
ATTORNEY AT LAW
100 SECOND ST. EAST
SUITE 207
WHITEFISH, MONTANA 59937
(406) 862-3131

February 8, 1985

Andrea Bennett
State Auditor
and Ex Officio Securities Commissioner
P.O. Box 4009
Helena, Montana 59604

Dear Ms. Bennett:

I am writing this letter to express my support for the proposed exemption under the Montana Securities Act for securities listed on the NASDAQ National Market System. As a securities attorney I try to keep abreast of developments concerning securities registration and exemptions. As I am sure you are aware, there are stringent requirements for listing of a company's stock on the NASDAQ National Market System. Of course, all NMS companies are also reporting companies under the Securities Exchange Act of 1934, as amended, and as such are required to meet certain reporting requirements to remain on NASDAQ.

The approval of this exemption could help to dispel the backwoods image of Montana and its business climate. Without this kind of forward thinking business legislation, Montana is apt to remain in the backwaters of the stream of national commerce. This exemption would be one step of many that should be taken to move Montana into the United States of America that exists in the 1980's.

Sincerely,

Robert K. Ogg

Robert K. Ogg

RKO/cb
Encl.
cc: Doug James

TELEPHONE 442-7830
AREA CODE 406

LAW OFFICES OF
SMALL, HATCH, DOUBEK & PYFER
LIVERY SQUARE
39 NEILL AVENUE
HELENA, MONTANA 59601

FLOYD O. SMALL
CARL A. HATCH
JOHN C. DOUBEK
RICHARD J. PYFER

February 8, 1985

Ms. Andrea Hemstead
State Auditor/Securities Commissioner
State of Montana
Capitol Complex
Helena, MT 59620

COPY

Dear Ms. Hemstead:

It has been brought to my attention that legislation has been proposed which creates a new exemption under Montana's securities statutes for securities listed on the NASDAQ/National Market System.

Considering how intensive and extensive the requirements and standards are for acceptance by the NASDAQ/NMS, the proposed exemption makes sense. In the several states with which I am familiar, satisfying NASDAQ/NMS requirements is more comprehensive and exhaustive than the applicable blue-sky statutes.

In the case of certain of my securities clients, having to additionally satisfy applicable blue-sky statutes would be duplicitious, costly and serve absolutely no justifiable purpose. If the important disclosures and information has already been furnished to NASDAQ/NMS then it makes no sense to build a smaller, weaker wheel (at a cost of anywhere between $5,000 and $20,000) for each of perhaps several states' blue-sky laws.

Thus, the money savings alone will be an incentive to companies interested in selling stock to make one more thorough and better filing (with NASDA/NMS) than several piece-meal state filings. Further, the better quality of filings will serve to protect investors from fraud and save them money as well. More money will be available to companies and concerns to grow and develop, as opposed to paying legal bills and administrative fees.

Much of what I have said appears to be hurting my own pocket-book inasmuch as I do prepare blue-sky submittals. Nevertheless, having seen what can happen to the unwary, unsuspecting investor, I strongly urge that this exemption will go a long way to protect them, and that is really what the securities law, both state and federal, are all about.

Sincerely,

John C. Doubek
Attorney at Law

LAW OFFICES

MOULTON, BELLINGHAM, LONGO & MATHER, P. C.

SECURITIES BUILDING

BILLINGS, MONTANA 59103

WM. H. BELLINGHAM
BERNARD E. LONGO
W. E. MATHER
WARD SWANSER
BRENT R. CROMLEY
GERALD B. MURPHY
RANDY H. BELLINGHAM
ROBERT H. PRIGGE
SIDNEY R. THOMAS
GREGORY G. MURPHY
WILLIAM A. FORSYTHE
DOUG JAMES
BRAD H. ANDERSON
THOMAS E. SMITH

TELEPHONE 248-7683
AREA CODE 406

P. O. BOX 2559

FREDRIC D. MOULTON
OF COUNSEL

February 8, 1985

Ms. Andrea Bennett
State Auditor and
Ex Officio Securities Commissioner
P. O. Box 4009
Helena, Montana 59604

Re: Securities Legislation
The NASDAQ/NMS Exemption

Dear Andy:

I am writing to express my support for your proposal to amend Section 30-10-104(13), MCA, of the Securities Act of Montana to create an exemption for securities listed on the National Association of Securities Dealers Automated Quotation System's/National Market System (NASDAQ/NMS). This exemption will benefit Montana business as well as investors.

Your proposal to create an exemption for securities listed on NASDAQ/NMS will remove a great inequity that currently exists in our Securities Act. When the Securities Act of Montana was adopted in 1961, the Securities Act provided an exemption from registration for securities listed on the major national exchanges. In 1961, NASDAQ/NMS didn't exist. Yet, today, NASDAQ/NMS is in every respect, the electronic equivalent of the traditional stock exchange. Although the exchanges and NASDAQ/NMS are essentially equal, our Securities Act presently requires securities listed on NASDAQ/NMS to be registered, while exempting securities listed on the various exchanges. Your proposal eliminates this inequity. Your proposal provides the common sense solution of simply giving securities listed on NASDAQ/NMS the same exemption status of securities listed on the various exchanges. This legislation is nothing new. It simply eliminates the inequities that have developed because of the technological revolution in the securities industry.

I believe that only one or two Montana firms are listed on the American Stock Exchange. Already, five Montana firms are listed or approved for listing on NASDAQ/NMS. The Montana firms are: Bank of Montana Systems; First Federal Savings Bank of Montana; Ribi Immunochem Research, Inc.; United States Antimony Corporation; and United Tote, Inc. NASDAQ/NMS will give Montana businesses greater visibility, which will give them

greater market depth, and make it easier for them to raise additional funds by selling thei securities. Investors win, because information on NASDAQ/NMS listed securities is disburse rapidly and broadly, making it possible for investers to make more informed decisi

- The National Association of Securities Dealers Automated Quotation Syste SDAQ was started in 1971. Since then, it has won a major share of the OTC market. gust 3 1984, the daily trading volume on NASDAQ reached 122 million shares. There are over 120,000 terminals that can instantaneously receive quotations on NASDAQ listed securities.

The NASDAQ/NMS is a segiment of NASDAQ reserved for certain high quality securities. Securities become listed on NASDAQ/NMS by meeting the strict criteria established by the Securities and Exchange Commission. The listing requirements for NASDAQ/NMS are equal to and in some cases actually higher than the listing requirements of the various exchanges. NASDAQ/NMS listed securities are also subject to the SEC and the NASD disclosure and reporting requirements, which are aimed at ensuring that the public is provided with all material information. The NASDAQ/NMS is the electronic equivalent of the traditional stock exchange.

The NASDAQ/NMS will make it considerably easier for Montana firms to develop a national reputation and to create a national market for their securities. The NASD is seeking an exemption to NASDAQ/NMS throughout the country. I believe that securities listed on NASDAQ/NMS are currently exempt from registration in: Colorado, Connecticut, District Columbia, Florida, Hawaii, Kansas, New Jersey, New York, New Hampshire, Nevada, Oregon, Pennsylvania, and Utah. Additionally, Georgia recently adopted a new exemption for NASDAQ/NMS listed securities. When Georgia adopted the NASDAQ/NMS exemption, the Georgia Secretary of State noted that:

> There are many benefits that will result from this decision. It will:
>
> 1. Facilitate the raising of capital, thereby encouraging economic development;
>
> 2. Eliminate duplicative filing requirements and reduce the regulatory burden on legitimate industry;
>
> 3. Allow a more efficient use of our scarce state resources by letting us concentrate on the enforcement provisions of our securities law to investigate and prosecute those who sell fraudulent securities to our citizenry; and
>
> 4. Continue my theme of encouraging economic development by providing a business regulatory program that protects our citizens without an undue burden on legitimate industry. This makes Georgia an attractive environment for business development . . . (emphasis added.)

As the Georgia Secretary of State noted, there are many benefits to adopting a NASDAQ/NMS exemption. Each of his listed reasons is applicable in Montana. I cannot think of any reason why Montana should not adopt a NASDAQ/NMS exemption. It is the logical and efficient transition to the computer age. Montana will not lose any revenue by adopting this exemption. Additionally, the exemption is not going to open a door for securities fraud.

The NASDAQ/NMS exemption will benefit Montana businesses and consumers. This exemption will also subject the traditional stock exchanges to greater competition. Understandably, some of the exchanges are lobbying against this exemption, and against greater competition in the market place. What's best for New York is not necessarily what's best for Montana investors and Montana businesses.

I support your proposal to create a NASDAQ/NMS exemption without qualification. It is clearly in the best interests of Montana consumers and businesses to adopt this legislation.

Sincerely,

MOULTON, BELLINGHAM, LONGO
& MATHER, P.C.

By _____
Doug James

DJ:pi

DOUGHERTY, DAWKINS, STRAND & YOST
INCORPORATED

March 12, 1985

Ms. Andrea Bennett
State Auditor & Ex Officio
Securities Commissioner
P.O. Box 4009
Helena, Montana 59604

Re: Senate Bill 399
The NASDAQ/NMS Exemption

Dear Ms. Bennett:

As an underwriter of securities, I am writing to express my support for Senate Bill 399 and the NASDAQ/NMS Exemption. This legislation will benefit Montana's businesses as well as consumers. This exemption will promote economic development with out sacrificing any of the necessary safe guards that we have developed to protect Montana's investors.

You have my support for the adoption of the NASDAQ/NMS Exemption in Montana.

Very truly yours,

J. Patrick Giblin
Vice President

cc: Doug James

DOUGHERTY, DAWKINS, STRAND & YOST
INCORPORATED

March 12, 1985

Ms. Andrea Bennett
State Auditor & Ex Officio
Securities Commissioner
P.O. Box 4009
Helena, Montana 59604

Re: Senate Bill 399
The NASDAQ/NMS Exemption

Dear Ms. Bennett:

As an underwriter of securities, I am writing to express my support for Senate Bill 399 and the NASDAQ/NMS Exemption. This legislation will benefit Montana's businesses as well as consumers. This exemption will promote economic development with out sacrificing any of the necessary safe guards that we have developed to protect Montana's investors.

You have my support for the adoption of the NASDAQ/NMS Exemption in Montana.

Very truly yours,

J. Patrick Giblin
Vice President

cc: Doug James

INVESTMENT BANKERS
THE GRAND BUILDING ▫ SUITE 305 ▫ 100 NORTH 27TH STREET ▫ 406/248-7000
BILLINGS, MONTANA 59101

AL.. .Y, BURDETT & LARSON, P.C.
ATTORNEYS AT LAW

GRANVILLE M. ALLEY III*
GILBERT U. BURDETT
BRUCE A. LARSON
JACQUES L. LEROY
ROBERT J. LAW
BRAD E. HERR
KELLY J. VARNES
* of Counsel

TRANSWESTERN III, SUITE
550 NORTH 31ST STREET
P. O. BOX 20495
BILLINGS, MT 59104
PHONE (406) 259-7841

February 25, 1985

Ms. Andrea Bennett
State Auditor
State Auditor's Office
P.O. Box 4009
Helena, Montana 59604

Re: Proposed Amendment to Section 30-10-104(13) MCA

Dear Commissioner Bennett:

It has recently come to my attention that there is a proposal before the State Legislature to exempt NASDAQ National Market System securities from registration in Montana. This letter is intended to express my support for such an exemption. The National Market System is an effective trading market and should be given parity with the national exchanges. The listing requirements for companies attempting to list their securities under the National Market System are similar to those requirements for companies attempting to list their securities on a national exchange. As a result, there is little reason to distinguish between the national exchanges and the National Market System. The proposed legislation or similar legislation would eliminate the differentiation and there do not appear to be any good reasons for denying the proposed exemption.

For these reasons I am in complete support of the proposed legislation. If you should have any questions with respect to my position, please contact me. You should also feel free to introduce this letter to the Legislature as evidence of my support.

Very truly yours,

Alley, Burdett & Larson, P.C.

Brad E. Herr

Brad E. Herr

st

c: Doug James, Esq.
Bruce A. Larson, Esq.

RANDALL A. SNYDER
attorney at law

4985 Hwy 35, P.O. Box 717
Bigfork, MT. 59911, 406-837-4383

February 25, 1985

Ms. Andrea Bennett
State Auditor
and Ex Officio Securities Commissioner
P. O. Box 4009
Helena, Montana 59604

Re: Pending Securities Legislation

Dear Ms. Bennett:

I am writing to support the Securities Department's proposed legislation that would create an exemption for securities listed on NASDAQ/National Market System. My clientele in need of or looking to market their investments by use of private securities is limited, but important.

Currently, some of my clients' largest difficulties are marketing their security investments. Because of the relatively small size of their business and operations, they do not have the sophistication or capital to become listed with major stock exchanges. The NASDAQ would offer some of them wider exposure without the intendant exorbitant costs. Moreover, their exposure would be to other brokerages and exchanges with similar interests.

Further, the NASDAQ/NMS exemption could alleviate many of the difficulties in the complexity and expense of registration. Smaller, legitimate businesses looking for private investment capital will not have the duplicative filing requirements which they must currently face. This will also free the Montana Securities Division to focus its efforts on truly fraudulent activity. I hardily support the proposed legislation.

Sincerely,

Randall A. Snyder

RAS/jb

National Association o
Securities Dealers,
1735 K Street, N.W.
Washington, D.C. 2000
(202) 728-8000

February 1, 1985

Ms. Andrea "Andy" Bennett
State Auditor and "Ex-Offico"
Securities Commissioner
Mitchell Building
Post Office Box 4009
Helena, Montana 59604

Dear Andy:

Based on our understanding that your Department's 1985 legislative recommendations would include a proposed amendment to Section 30-10-104(13) of the Montana Code Annotated to grant exchange parity to NASDAQ/NMS securities, the NASD committed its strong support of your Department's undertaking and offered to appear at legislative hearings and marshall additional support from broker-dealers and NASDAQ issuers headquartered in Montana. Enclosed is a copy of Frank Wilson's December 27, 1984, letter to Rick Tucker.

There have been several developments since that time, at least one of which leaves us puzzled. We were advised by your staff that the American Stock Exchange (Amex) retained local counsel to challenge the proposal unless it is modified to restrict the exemption to the approximately 200 Tier I NASDAQ/NMS securities while leaving the approximately 1,100 Tier II NASDAQ/NMS securities out in the cold. Such modification would, in effect, render the proposal virtually meaningless. However, we are not aware of the existence of any written submission to this effect filed with your office by the Amex or its counsel which would confirm the Amex's rationale for suggesting such modification. We are aware of one written submission filed with your office by the Amex but it does not speak to this purported modification.

Perhaps we misunderstand the Amex's position. Whatever the case, an across the board exemption for NASDAQ/NMS securities is important to Montana-headquartered broker-dealers and NASDAQ/NMS issuers and, as you know, we have recently retained Doug James to protect the interests of our constituents and yours located within the State of Montana. Your securities staff, after careful consideration, determined as the State of Georgia recently did that a NASDAQ/NMS exemption would (1) serve the best interests of the investing public; (2) reduce unnecessary burdens imposed on legitimate high quality companies; (3) improve the climate for capital formation; and, (4) eliminate the invitation for local business to take its marketplace to Wall Street simply to avoid the burdens of complying with an unnecessary and outdated provision of the

Montana law enacted before NASDAQ/NMS came into existence. I am also enclosing a copy of Georgia Secretary of State Max Cleland's December 6, 1984, press statement which you may find of interest. We remain firmly committed as stated in our December 27, 1984, letter.

The proposal currently pending in the state legislative counsel's office differs somewhat from our original understanding and is being reviewed by our staff. We plan to comment on it when our review has been completed. We believe a simpler approach may be available. Our paramount concern, however, relates to the short legislative session, the enormous work load imposed on state legislators and the minimum time alloted for input at Committee hearings. We are fearful that the proposal may hit a fast track in the legislature before we have had ample time to fully respond to any questions you or members of the legislature may have.

Similar NASDAQ/NMS proposals are currently underway in a number of other states, some of which have already hit a fast track. Nevertheless, we are available to meet with you in Helena on short notice to provide you and your staff any information you may need to insure the enactment of a NASDAQ/NMS exemption. Several individuals from the Montana financial community have offered to accompany us, should you desire to meet.

Please let Doug or myself know if we can be of any assistance. Doug can be reached at 248-7731. My telephone number is (202) 728-8248. I enjoyed meeting you at Sonny's recent retirement party and we at the NASD look forward to continuing our long and close working relationship with your Securities Department in fulfilling our mutual investor protection responsibilities.

Sincerely,

Raymond W. Cocchi
Vice President
Congressional and State Liaison

Enclosure

cc: Doug James
Rick Tucker
Frank Wilson

NASD

National Association o
Securities Dealers, In
1735 K Street, N.W.
Washington, D.C. 2000
(202) 728-8000

December 27, 1984

Mr. Richard G. Tucker
Chief Deputy Securities Commissioner
Mitchell Building
P.O. Box 4009
Helena, MT 59604

Dear Commissioner Tucker:

The National Association of Securities Dealers, Inc. (NASD) would like to take this opportunity to express its strong support for a proposed amendment to Section 30-10-104(13) of the Montana Code Annotated to extend the exemption from registration in the State of Montana now granted to securities listed on certain stock exchanges to securities which are a part of the NASDAQ National Market System (NASDAQ/NMS). The Association believes that the qualitative and quantitative similarities of the NASDAQ/NMS over-the-counter market to the currently exempted exchange markets and the protections afforded to the investing public with respect to both the securities quoted in NASDAQ/NMS, and with respect to the regulation of NASD member firms support the exemption of NASDAQ/NMS. The NASD believes that the securities and the participants in NASDAQ/NMS marketplace are the substantial equivalent of those of the approved exchanges.

As you are aware, the NASD is registered with the Securities and Exchange Commission as a national securities association pursuant to the provisions of the Securities Exchange Act of 1934 as amended. The NASD has as its primary purpose providing self-regulation for the over-the-counter securities market and it governs the activities of its 5,600 broker-dealer members through 13 administrative districts throughout the United States. The concept of self-regulation allows for regulation by the Association and the other self-regulatory organizations (which by definition in Section (3)(a)(26) of the Securities Exchange Act of 1934 includes the Association and all of the registered securities exchanges) under a pervasive pattern of coordination with and oversight by the Securities and Exchange Commission. The Association believes that its primary function as a regulator of a national securities market provides protections to investors which are the equivalent of those provided by the national securities exchanges.

The NASDAQ system which came into existence in 1971 and NASDAQ/NMS which has been in place since 1982 are both logical extensions of the Association's historical function as a self regulatory organization.

The NASDAQ System has brought a major segment of the over-the-counter market from the point where available OTC quotations were primarily written and outdated when made available, with very little public visibility, to a point where NASDAQ comprises the second largest securities market in the United States with share volume in 1983 at 75% of that of the New York Stock Exchange and 7.5 times that of the American Stock Exchange. Annual share volume for NASDAQ Securities stood at 15.9 billion shares in 1983 which represented almost a 90% increase over 1982 and a 336% increase in the past five years. The daily volume on NASDAQ reached a high of 122 million shares on August 3, 1984 and on seven days during 1983 it exceeded the share volume on the New York Stock Exchange. Dollar volume of trading has increased by in excess of 1000% from $18.7 billion in 1974 to $188.3 billion in 1983. The aggregate market value of securities in NASDAQ totals $229.3 billion, an increase of more than 150% in the last five years. In addition, the NASDAQ composite index for 1983 exceeded the percentage gains for both the New York Stock Exchange composite and the Standard and Poors 500 indexes. There are now in excess 4,700 securities of approximately 4,100 companies quoted on the NASDAQ System with more than 120,000 quotation terminals around the world currently able to receive up to the second quotations on NASDAQ securities. NASDAQ quotations are now carried, on a daily basis, by over 130 newspapers throughout the United States. The number of NASDAQ companies has grown by 53% in the past five years while losses of 1% and 12% respectively were recorded on the New York and American stock exchanges, respectively.

The NASDAQ National Market System which you propose to designate along with those securities exchanges which currently enjoy exemption from registration in Montana is a segment of the NASDAQ System wherein, from the standpoint of investors, securities are truly on a par with those securities listed on the major securities exchanges. Designation as a NASDAQ/NMS security is made pursuant to criteria set forth in a rule promulgated by the Securities and Exchange Commission and subject to change only through the SEC rulemaking process. Any such change must comport with the mandates of Congress as embodied in the 1975 Amendments to the Securities Exchange Act which created the concept of a national market system for securities transactions. The Association believes that the listing criteria for NASDAQ/NMS are equal to and in some cases exceed the criteria for listing on the various securities exchanges. NASDAQ/NMS designation provides investors with last sale trade reporting similar to that found on the New York and American Stock Exchanges. A profile of those companies traded on NASDAQ/NMS which now exceed 1,000 in number

demonstrates that as of the end of 1983, the average price per share was in excess of $20 and the average issuer had almost 8 million outstanding shares with a public float of 5.6 million shares and a market value in excess of $150 million. The companies in the system had average assets of over $500 million and equity in excess of $75 million. Their revenues averaged $172 million with net income of over $8 million. In addition, those companies on NASDAQ/NMS had an average of ten market makers.

Additional evidence of the comparability of NASDAQ/NMS securities to those listed on registered securities exchanges comes from a recent action by the Federal Reserve Board. The Board, which is charged by Congress with regulating the extension of credit for the purchase of securities in the form of margin loans, has amended Regulation T effective November 13, 1984 to make securities automatically marginable upon their designation as a NASDAQ/NMS security. This action recognizes the comparability of NASDAQ/NMS stocks to those listed on an exchange in that until this time only exchange-listed securities enjoyed automatic marginability while those traded over-the-counter irrespective of their individual merit had to be designated as marginable on a case-by-case basis. Other NASDAQ securities must still be designated by the FRB in order to achieve margin status.

In addition to the basic qualitative criteria for designation as a NASDAQ/NMS security, all such securities are subject to both Securities and Exchange Commission and NASD disclosure and reporting requirements which are aimed at providing the public with that information which is material to making investment decisions. Further, the Association through its NASDAQ Operations Department closely monitors issuers' continued compliance with the listing standards and the Association's Market Surveillance staff utilizes state of the art computerized systems to monitor trading activity in the NASDAQ System. The Association has the ability, based upon its investigative activities to halt quotations in NASDAQ securities and to take appropriate disciplinary action against member firms found to have engaged in activities detrimental to the best interests of the investing public.

The Association believes that all of these factors result in a marketplace for NASDAQ/NMS securities which is fully the equivalent of that of the national securities exchanges and that the proposed amendment to Section 30-10-104(13) of the Montana Code is a progressive and forward thinking change which appropriately reflects the realities of national securities markets of 1984.

We will be happy to assist in any way you deem advisable in bringing the proposed statutory amendment to

fruition, including appearing at legislative hearings which may be held, and marshalling broker/dealer and NASDAQ issuer support in Montana.

Very truly yours,

Frank J. Wilson
Executive Vice President
and General Counsel

FJW/mbs

Doug James

Shearson Lehman/American Express Inc
237 West Main
P.O. Box 1907
Bozeman, MT 59771-1907
(406) 586-1776
1 (800) 821-6676

Member of all principal
security, option and
commodity exchanges

February 11, 1985

Andy Bennett
State Auditor
Mitchell Building
Box 4009
Helena, Montana 59604

Dear Andy:

A short note of congratulations are in order for winning the campaign and also your name change. I also want to thank you for taking the time during your campaign process to stop by our office and meet each of our brokers and listen to their concerns. I'll look forward to chatting with you Tuesday evening at the Lincoln Day Dinner. I was the chairman of that fund raiser last year.

The reason I am writing is to let you know that I very strongly recommend placing NASD on a par with other exchange issues. Our firm supports United Tote, an NASD listed company in Sheppard, Montana along with other local brokerage firms and would take exception to any change in the secondary trading for NASD stocks.

I look forward to chatting with you Tuesday.

Very sincerely ~~yours~~,

Thomas D. Fulton, CFP
Vice President
Resident Manager

TDF/dh

cc Ray Cocchi, Vice President NASD

Shearson Lehm **merican Express Inc**
Sheraton Building
27 North 27th Street
P.O. Box 1379
Billings, MT 59103
(406) 248-2482

Member of all principa
security, option and
commodity exchanges.

February 8, 1985

Andrea Bennett
State Auditor
Mitchell Building
Box 4009
Helena, MT 59604

Dear Ms. Bennett:

I would like to express my support for your revised bill that would allow National Market System stocks to trade on a parity with listed stocks in Montana.

That change would help the efficiency of the markets and could very well help us to support local Montana growth companies like United Tote whose stock we make a market for.

I appreciate your efforts.

Very truly yours,

Timothy L. Cook
Vice President/Branch Manager

TLC:mak

DEAN WITTER REYNOLDS INC
Solar Plaza, 2108 Broadwater Avenue, Billings, MT 59102

CHRISTOPHER J. WADNER
Vice President, Investments
Branch Manager, Billings Office

February 6, 1985

Mrs. Andrea Bennett
State Auditor
Mitchell Bldg.
P.O. 4009
Helena, MT 59604

Dear Mrs. Bennett:

As you are aware, DWR commits our capital to support equity markets in many companies, some being in Montana like RIBI. We attempt to support many quality companies that are traded on the National Market System (NASDAQ) as a citizen of the State of Montana. I was delighted to learn recently of your proposal to amend the Montana State Securities laws and to place the National Market System on a par with exchange traded issues. I whole heartedly agree with your effort, and if I can be of any assistance in facilitating this effort, please feel free to contact me.

Sincerely,

DEAN WITTER REYNOLDS, INC.

Christopher J. Wadner
Vice President, Investments/
Branch Manager.

CJW:bk

First Bank—Billings
Suite 401
Billings, Montana 59101
406/252-2106

Piper, Jaffray & Hopwood
Established 1895 Member New York Stock Exchange, Inc.

February 4, 1985

Andrea Bennett
State Auditor
Mitchell Building
P. O. Box 4009
Helena, Montana 59604

Dear Mrs. Bennett:

We support the NASD's effort to secure a NASDQ National Market System Exemption under Montana's securities law. Why the sudden interest from outsiders in New York? Could it be to keep the monopoly in the jobs on Wall Street? If there is anything we could do to assist you with your proposed legislation, please let me know.

Sincerely,

Lawrence C. VanAtta
Branch Manager/Vice President

FIRST FEDERAL SAVINGS BANK

RECEIVED
STATE AUDITORS OFFICE
FEB 11 1 32 PM '85
HELENA, MONT.

February 8, 1985

Ms. Andrea Bennett
State Auditor
Mitchell Building
Helena, MT 59620

Dear Ms. Bennett:

We have recently been advised that your office, representing the Securities Department for the State of Montana, is proposing to introduce a legislative amendment to the Montana Securities Act. It is our understanding this amendment would provide an exemption from certain registration provisions of the Securities Act for securities qualified for trading in the National Market System (NMS) which are listed on the National Association of Securities Dealers Automations Quotations System (NASDAQ).

Presently, certain securities listed on some national securities exchanges are exempt from the registration of the Securities Act, and we understand the proposed amendment would provide a similar exemption to securities traded on NASDAQ/NMS and recognize them as a qualified exchange. We strongly support your office's efforts in this endeavor and it is warranted, as we believe that adequate procedures and controls to protect the investor are equal to other recognized national exchanges. The marketability of the shares and the strength of the companies are equally as strong as companies traded on other exchanges. We further support the issue, as we believe this not only is beneficial to our own recently converted-to-stock company but to other public stock corporations in the State of Montana, as it provides investors with additional current market information and possibly reduces the cost and time to execute orders, which in itself should be beneficial to Montana investors.

If we can be of further assistance to your office in support of this issue via the legislative process, please do not hesitate to contact me.

Sincerely,

F. Charles Mercord
President

FCM:jh

Exhibit 4
3/27/85
SB399
Submitted by:
Bruce MacKenzie

An investment firm you like to tell your friends about.

MEMO

D.A. Davidson & Co.
Incorporated
Davidson Building
P.O. Box 5015
Great Falls, Montana
59403
(406) 727-4200
Offices: Billings, Bozeman, Butte, Havre, Helena, Kalispell, Missoula, Montana; Williston, North Dakota; Moscow, Idaho
Corporate Office:
Davidson Building
Great Falls,
Montana 59401
Members:
Midwest Stock Exchange Inc.
Pacific Stock Exchange Inc.
Securities Investor Protection Corp.

March 26, 1985

TO: HOUSE BUSINESS AND LABOR COMMITTEE

FROM: BRUCE A. MacKENZIE
General Counsel

RE: PROPOSED AMENDMENT TO SECURITIES ACT OF MONTANA (THE ACT)
SENATE BILL 399

Senate Bill 399 would provide an exemption from the registration provisions of the Act for all securities designated as qualified for trading in the National Market System (NMS) which are listed or approved for listing upon notice of issuance on the National Association of Securities Dealers Automated Quotation System (NASDAQ). D.A. Davidson & Co. strongly endorses the efforts of ~~your office~~ this bill to effectuate such an amendment.

At the present time securities listed on certain national securities exchanges, specifically the New York, American, Pacific and Midwest Exchanges, are exempt from the registration requirements of the Act. The proposed amendment would provide a similar exemption to securities traded on NASDAQ/NMS and recognize NASDAQ/NMS as a qualified national exchange. We believe that such treatment and recognition is warranted since adequate procedures and controls are in place for the protection of investors equal to those on other recognized national exchanges. Further, NASDAQ/NMS provides investors with current market information similar to national exchange listed stocks, rapid execution of orders and execution costs which on average are 10% less than the cost of executing similar orders on other exchanges.

We urge the Committee to provide a "Do Pass" recommendation.

BAM:lkh

Exhibit 5
3/27/85
SB399
Submitted by: J. Kim Schulke

TO: HOUSE BUSINESS AND LABOR COMMITTEE

FROM: J. KIM SCHULKE, Staff Attorney
Office of the State Auditor, Securities Department

RE: SB 399
GENERAL REVISION OF SECURITIES LAWS

Page 2, lines 23-24. The definition of "registered broker-dealer" was added so that where that term appears in the act, it is clear that the broker-dealer must be registered in Montana.

Page 7, lines 22-25. This provision deals with a registration exemption for securities issued by certain banks, savings institutions or trust companies. The section has been changed to conform to the language of the Uniform Act as it is the position of the Department that the Uniform language is more clear.

Page 12, lines 5-8. All fees have been moved to one section so the $50 fee for this exemption is put in 30-10-209.

Page 12, lines 20-25, and page 13, lines 1-3. This section provides a new exemption from registration for national market system securities listed or approved for listing on the National Association of Securities Dealers automated quotation system, better known as NASDAQ/NMS. The state of Georgia has recently adopted a similar exemption and it is before the legislatures of several states.

The exemption immediately preceding this one is a securities exemption for securities listed on stock exchanges. It is the position of the Department, that while NASDAQ/NMS is not an exchange, these securities are on par with those securities listed on the major securities exchanges. Designation as a NASDAQ/NMS security is made pursuant to criteria set forth in a rule promulgated by the Securities and Exchange Commission and subject to change only through the SEC rulemaking process. Any such change must comport with the mandates of Congress as embodied in the 1975 Amendments to the Securities Exchange Act, which created the concept of a national market system for securities transactions. The Department believes that the listing criteria for NASDAQ/NMS are equal to and in some cases exceed the criteria for listing on various securities exchanges.

Page 15, lines 20-25 and page 16, lines 10-16. This is a small offering transactional exemption from registration under the Securities Act, whereby neither the securities nor the broker-dealer or salesman need be registered in order to engage in the offer or sale of securities if they comply with this section. The additional language is meant to clarify when an offer to sell is made in this state.

Page 19, lines 9 and 10. This section describes the method of registering as a broker-dealer, salesman, or investment advisor under our Act. The current law states that the application is filed with the Securities Commissioner. However, we now have an automated registration system, whereby registration for salesmen and broker-dealers is accomplished in Washington, D.C., by the National Association of Securities Dealers. Therefore, the necessity of filing an application here is no longer necessary.

Page 19, lines 19 and 20. Again, all fees have been placed in §30-10-209. This is a fee for a waiver of the residency requirement for registration of salesmen.

Page 20, lines 24 and 25, and page 21, lines 5 and 7. These changes deal with the central automated registration system again, negating the necessity of filing certain information with the commissioner. It should be noted that for those broker-dealers who are not members of the association which operates the automated system, financial statements are still required to be filed with our department.

Page 27, lines 18-25, and page 28, lines 1 and 2. This subsection has been deleted because the financial data required to be filed with the commissioner is available elsewhere.

Page 28, line 1, and page 29, lines 1-13. When a securities issue is registered with the department, a certain number are registered. Frequently, more than the number registered are sold. The proposed language in this subsection would allow these excess sales but would require the registrant to file an amendment to the registration statement to include the excess sales. If such amendment is not filed before the expiration of the registration order, which is in effect for one year, he must pay a filing fee for the excess sales of three times the normal registration fee. Registration for those excess sales is then made retroactive to the date of the existing registration.

The problem with the excess sales is that these securities are technically not registered and sales are therefore in violation of our act. By this legislation, the commissioner will, retroactively register such excess sales made during the period that the registration order is in effect, but will charge a triple fee. The language for this amendment is taken from similar regulations and statutes in other states.

Page 29, lines 14-19, and page 30, lines 1-8. These fees have been eliminated because they cost more to process than they bring in.

Page 30, lines 15 and 16. This language was inadvertently deleted last session when another amendment was made to this section. The Commissioner has always charged $50 for exemption and exception requests because it requires staff time to research the exemption or exception to see if it applies to the person requesting it.

Page 30, lines 17-19. This is a fee that was moved from another section.

Page 30, lines 20-22. This language is taken from the insurance department's fee section 33-2-708. The processing of an application is what costs the department time and money -- not whether the application is granted or not.

Page 31, lines 9-10. This section provides that the Commissioner may issue a temporary cease and desist order that remains in effect until 10 days after any hearing is held. It is the position of the department that the intent was that the temporary order would remain in effect until 10 days after the hearing on the merits of the cease and desist order and not some preliminary hearing. The language has been changed to reflect that position.

ANLND/lmC8

Exhibit 6
3/27/85
SB399
Submitted by: Jerome Anderson

Amendment SB399, Third Reading Bill

1. Page 12, line 20
   Following: "security"
   Insert: "designated by the national association of securities dealers as a tier one security on [the effective date of this act] or as designated from time to time"

Exhibit 7
3/27/85
SB399
Submitted by: Benjamin D. Krause

TESTIMONY OF BENJAMIN D. KRAUSE

BEFORE THE MONTANA LEGISLATURE

March 27, 1985

Mr. Chairman and memebers of the Committee:

My name is Benjamin D. Krause: I am a Senior Vice-President of the American Stock Exchange with responsibility for listed company regulation. After spending several years with the Securities and Exchange Commission in Washington, D.C., I joined the American Stock Exchange in 1970, and since that time have been involved in all aspects of securities regulation.

Since the early part of the century, state regulation and state regulators have been the first line of defense in the protection of the individual public investor. While the SEC and other federal agencies spend much time debating plans relating to future market structure, international securities dealings and so forth, state regulators are engaged in a daily war against so-called bucket shop operations, the high pressure con artist and the over-enthusiastic promises of sometimes well-meaning brokers and entrepreneurs. Fortunately, there are state securities laws in most jurisdictions which are effective in dealing with these types of problems. In this regard, members of the Montana Legislature can feel comfortable that the Montana Securities Commission stands as a barrier to those who would invite the unwary to place their savings in a business venture which - even if ultimately successful - frequently lacks the structure and safeguards which are vital for the protection of public investors of this State.

Public confidence in the securities market is the fundamental objective of securities regulation. Without credibility and confidence of the investing public there are no investors, and without investors there are no securities markets. This poses a problem: for while we all wish to encourage healthy economic growth by assisting the capitol formation process, we simply cannot discard all investor protections expecting that every investor can and should take care of themselves. Every regulatory balance is difficult - but in the long run it's in all of our own self interest to avoid any action which may jeopardize the preeminence of this nation's securities markets as the best and fairest in the world.

Like Montana, nearly every state provides several exemptions from state registration. In some states, the exemption sets forth specific numerical "blue chip" criteria. If the issuer satisfies the criteria, it may offer its securities within the state without first seeking state approval. Again, in nearly every instance, there is also an exemption for securities which are listed on the principal two national securities exchanges, the American and New York Stock Exchanges.

The historic reason for exempting securities listed on the two major stock exchanges is essentially the recognition that the exchanges exercise strict regulations over their listed companies, a " merit self-regulation" on which states can rely. The exemption is therefore based on the uncontested fact that listing on a major national securities exchange is a voluntary contractual undertaking to abide by standards -- both quantitative and qualitative -- that far surpass the exactions both of state corporate as well as Federal securities law. In other words, exchange listed issuers were and are exempted not only because these market places are visible,

efficient and well-regulated, but because these market places impose qualitative listing standards that have historically addressed the basic concerns of state administrators that such offerings within their borders would be fair, just and equitable. This reliance on the American and New York exchanges to provide merit self-regulation has not been questioned over the years. The differences between the primary stock exchanges and the over-the-counter market however, remaine considerable because the exchanges continue to practice merit regulation while the NASD chooses its companies solely on the basis of numerical criteria.

What prompts our appearance today is that Senate Bill 399 and the Bill you have before you today imply that the investor protections which have historically formed the basis for an exchange exemption are no longer necessary. If this bill is adopted, the securities of any of the nearly 2,500 companies that are eligible for designation as national market system securities will be treated like those which have obligated themselves to meet significantly tougher and more stringent requirements.

The principal national securities exchanges not only have higher quantitative listings requirements, but qualitative standards for which there simply are no over-the-counter substitutions. A comparison of key American Stock Exchange and NASD standards follows:

Quantitative Listing Requirements:

- Shareholder Distribution: The Amex requires a listing applicants' shares to be held by 1,000 shareowners. This is 333-1/3% of the NASDAQ/NMS requirement.

- Public Float: Amex requires a public float of 500,000 shares compared to 350,000 for NASDAQ/NMS.

- Tangible Net Worth: $4 million. There is no comparable NASDAQ/NMS standard, although the NASD requires total assets (including intangibles) of $2 million, and capital and surplus of $1,000,000 as a prerequisite for inclusion in NASDAQ.

- Market Value: Outstanding shares must have a market value of $3 million, which is 50% higher that the NASDAQ/NMS Tier 2 standard.

- Net Income: $400,000, compared to $300,000 for NASDAQ/NMS Tier I issuers.

- Financial and Business Evaluation: In evaluating applicants, the Amex also weighs and examines the company in terms of its business,the market for its products, the reputation of its management, its historical record and growth pattern, together with its financial results.

Qualitative Listing Requirements

- Conflicts of Interest: Before listing, company management is required to eliminate or otherwise resolve to the Amex's satisfaction any material conflicts of interest and dealings with affiliates.

- Independent Directors/Audit Committees: Newly listed companies are required to have at least two independent directors, and are strongly urged to establish an audit committee composed of independent directors.

- Non-Voting Common Stock: Non-voting common stock is prohibited. Limited voting stock is permitted under specified standards, including a requirement that the limted voting class must be able to elect at least 25% of the board of directors.

- Shareholder Approval: The Amex requires shareholder approval of certain transactions involving the issuance by a listed company of 20% or more of outstanding common stock, and of certain stock option plans where officers and directors are potential beneficiaries, regardless of whether or not such approval is necessitated by state law.

- Disclosure: Amex disclosure policies are nore rigorous than those of the NASD. Not only must Amex listed companies publicly respond to rumors which could have an effect on trading, but they must explain to the Exchange why there is unusual activity in their stock and must disclose any corporate developement, or issue a "no-news" release.

The above requirements are by no means an exhaustive treatment of the areas where the Amex has higher standards than the OTC market, but rather represent examples of the all encompasing nature of exchange regualtion.

Many cite the fact that the NASD is considering some further regulation in the area of corporate gbvernance. While such a developement will help to raise standards we know all too well that it will take considerable time and effort to convince issuers to accept constraints which they are unaccustomed to. As a matter of fact, it is the Exchange's requirements in the area of disclosure, shareholder democracy and corporate governance which pose for many the greatest obstacle in deciding to list on one of the principle stock exchanges. In any event, any proposed NASD standards can only be evaluated after they have been acted upon by the Board of the NASD, and then by the SEC.

We believe that the dramatic and unprecedented change in investor philosophy which is encompassed in the proposed legislation goes far beyond what is necessary to encourage capital formation. Accordingly, in the interest of investor protections we recommend limiting paragraph 14 of Section 30-10-104 to apply solely to companies which meet the criteria for Tier I- as prescribed by the SEC for mandatory inclusion in the national market system.

On behalf of the Exchange, I would like to express our sincere appreciation for the opportunity you have given us to share our views on this vitally important area. We reaffirm our committment to continue to work jointly with the Montana Securities Commission in acheiving a regulatory balance which both promotes capital formation and provides a reasonable level of protection to the citzens of Montana.

Thank you very much for your attention. I would be pleased to answer any questions you may have.

VISITORS' REGISTER

BUSINESS AND LABOR COMMITTEE

BILL NO. Senate Bill 399 DATE March 27, 1985

SPONSOR Senator Crippen

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Bruce A. MacKenzie	D.A. Davidson + Co	✓	
J. Kim Schulke	State Auditor - Securities	✓	
Nancy R. Crossman	American Stock Exchange		✗
[signature]	" " "		✗
RE "Rick" Tuckey	State Auditor - Securities	✓	
Mike DaSilva	G.T. Murray & Co.	✓	
Nils A. Ribi	Ribi Immunochem Research, Inc	✓	
Chris Wagner	Dean Witter Reynolds	✓	
Doug Sams	NASD	✓	
Robert W. Minto Jr	Worden Thane & Haines	✓	
Rick Brown	Self	✓	
Dale A. Harris	Dept of Commerce	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

with Representatives Hansen, Kadas and Nisbet voting no. Senate Bill 208 will BE CONCURRED IN with Representatives Ellerd, Hansen and Thomas voting no. Representative Simon moved to reconsider action on Senate Bill 208. The motion did carry with Representatives Ellerd, McCormick, Nisbet, Thomas and Glaser voting no. Representative Schultz suggested the bill be left in its original form and moved to strip all previous amendments. The motion did carry with Representatives Ellerd, Hansen and Thomas voting no. Senate Bill 208 will BE CONCURRED IN with Representatives Ellerd, Hansen and Thomas voting no.

ACTION ON SENATE BILL 399: Representative Brandewie moved DO PASS on Senate Bill 399. Representative Glaser moved the amendment proposed. The motion did fail with a voice vote being taken. Senate Bill 399 will BE CONCURRED IN with Representatives Keller, Jones, Glaser and Ellerd voting no.

ACTION ON SENATE BILL 402: Representative Driscoll moved DO PASS on Senate Bill 402. Representative Kitselman moved the amendments which did pass by unanimous vote. Senate Bill 402 will BE CONCURRED IN AS AMENDED by unanimous vote.

ACTION ON SENATE BILL 447: Representative Driscoll moved DO PASS on Senate Bill 447 and added this is a federal requirement. Second was received, Senate Bill 447 will BE CONCURRED IN by unanimous vote.

ACTION ON SENATE BILL 409: Representative Thomas moved DO PASS on Senate Bill 409. Representative Kadas moved to amend on page 3, line 19, to reinsert the stricken language as this is fairer to those injured. Representative Kadas then withdrew his motion. Senate Bill 409 will BE CONCURRED IN with all but Representative Kadas voting yes.

ACTION ON SENATE BILL 440: Representative Driscoll moved DO PASS on Senate Bill 440 and moved the amendment as proposed by the Department of Labor. Representative Thomas stated this takes away from the intent of the bill. Representative Kadas stated the department has the authority to check out self insureds and this does not fall under the title of the bill. Representative Schultz added this will effect those already insured. A voice vote defeated Representative Thomas' motion. Senate Bill 440 will BE CONCURRED IN by unanimous vote.

DAILY ROLL CALL

BUSINESS AND LABOR COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date March 28, 1985

NAME	PRESENT	ABSENT	EXCUSED
Bob Pavlovich	✓		
Les Kitselman	✓		
Bob Bachini	✓		
Ray Brandewie	✓		
Jan Brown	✓		
Jerry Driscoll	✓		
Robert Ellerd	✓		
William Glaser	✓		
Stella Jean Hansen	✓		
Marjorie Hart	✓		
Ramona Howe	✓		
Tom Jones	✓		
Mike Kadas	✓		
Vernon Keller	✓		
Lloyd McCormick	✓		
Jerry Nisbet	✓		
James Schultz	✓		
Bruce Simon	✓		
Fred Thomas	✓		
Norm Wallin	✓		

STANDING COMMITTEE REPORT

March 28 19 85

MR. SPEAKER

We, your committee on BUSINESS AND LABOR

having had under consideration SENATE Bill No. 399

third reading copy (blue color)

GENERAL REVISION OF SECURITIES LAWS

Respectfully report as follows: That SENATE Bill No. 399

DO PASS
BE CONCURRED IN

Chairman.

STATE PUB. CO.
Helena, Mont.

COMMITTEE SECRETARY